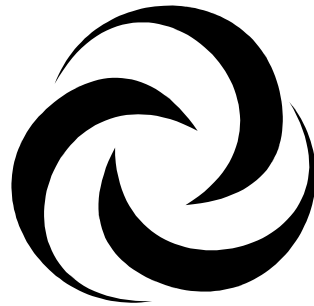


ANNUAL REPORT 2023



Crescent Cotton Mill Ltd.



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

C O N T E N T S

CRESCENT COTTON MILLS LIMITED

General Information	03
Company profile	04
Notice of annual general meeting	05-07
Vision and Mission statements	08
Chairman's Review	09
Directors' report to the shareholders	10-26
Key Operating and Financial Data	27-28
Pattern of holding of shares	29-30
Statement of compliance with best practices of code of corporate governance	31-33
Independent Auditor's Review Report	34
Independent Auditor's Report	35-39
Statement of Financial Position	40-41
Statement of Profit or Loss	42
Statement of Comprehensive Income	43
Statement of changes in equity	44
Cash flow statement	45
Notes to the financial statements	46-94

CRESCENT COTTON MILLS LIMITED AND ITS SUBSIDIARY

Consolidated Financial Statements with Accompanying Information	95-160
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FORM OF PROXY

GENERAL INFORMATION

PRINCIPAL & REGISTERED OFFICE

New Lahore Road,
Nishatabad,
Faisalabad.
Phones : (041) 8750363-64
Fax : (041) 8750366
URL : www.crescentcotton.com
info@crescentcotton.com

KARACHI OFFICE

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

LAHORE OFFICE

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

WORKS

Spinning Unit # 1& 2

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

Spinning Unit # 4

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

SUBSIDIARY

CRESCOT MILLS LIMITED

PRINCIPAL & REGISTERED OFFICE

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

Chief Executive Officer

Mr. Adnan Amjad

COMPANY PROFILE

BOARD OF DIRECTORS

Mr. Taimur Amjad
(Chairman)

Mr. Abid Mehmood
(Chief Executive Officer)

DIRECTORS (In alphabetical order)

Mr. Adnan Amjad
Mr. Naveed Gulzar
Ms. Nazish Arshad
Mr. Salman Rafi
Mrs. Shameen Azfar

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mrs. Shameen Azfar (Chairman)
Mr. Adnan Amjad (Member)
Ms. Nazish Arshad (Member)

COMPANY SECRETARY

Mr. Sami Ullah

BANKERS

National Bank of Pakistan

AUDITORS

Riaz Ahmad & Compnay
Chartered Accountants

COMPANY REGISTRAR

Vision Consulting Limited.
5-C, LDA Flats, 1st Floor,
Lawrance Road, Lahore.
Ph: 042-36283096-7

URL

www.crescentcotton.com

CRESCENT COTTON MILLS LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 65th Annual General Meeting of the shareholders of the Company will be held on Saturday the 28th October, 2023 at 9.30 a.m. at Registered Office of the Company New Lahore Road, Nishatabad, Faisalabad to transact the following business:

1. To receive, consider and adopt the Chairman's Review Report, the Reports of Directors and Auditors together with Annual Audited Financial Statements for the year ended 30 June 2023.
2. To appoint Company's external auditors and to fix their remuneration.

Special Business:

3. To approve, as and by way of an Ordinary resolution, transmission of the annual balance sheet, profit & loss account, auditors report, directors report etc., (the "Audited Annual Financial Statements") to the Company's shareholders through QR enabled code and weblink as allowed by the Securities and Exchange Commission of Pakistan via SRO No. 389(I)/2023 dated March 21, 2023:

Resolved That approval of the shareholders of Crescent Cotton Mills Limited (the "Company") be and is hereby accorded and the Company be and is hereby authorized to circulate the Annual Audited Financial Statements of the Company together with the reports and documents required to be annexed thereto under the applicable law through QR enabled code and weblink instead of circulation through CD/DVD/USB.

Resolved Further That the Chief Executive Officer and / or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, deeds and things, take or cause to be taken all necessary action for the proposes of implementing this resolution."

4. To approve as and by way of an Ordinary resolution, the report regarding transactions with related party for the year ended June 30, 2023 as required under section 208 of the Companies Act 2017.

Resolved That related party transactions for the year ended June 30, 2023 as presented to the shareholders be and are hereby approved.

(RUPEES IN "000")

Crescot Mills Limited (Raw Materials purchased)	167,718
Crescot Mills Limited (Expenses paid)	6

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

REGISTERED OFFICE:
 Crescent Cotton Mills Limited
 New Lahore Road, Nishatabad, Faisalabad:
 Phone No. 8752111-13, Fax No. 8750366
 Dated: October 01, 2023

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

NOTES

1. The Share Transfer Books of the Company will remain closed from October 21, 2023 to October 28, 2023 (both days inclusive). Transfers received at the Share registrar office **Vision Consulting Limited, 3-C, LDA Flats, Lawrence Road, Lahore** at the close of business on October 20, 2023 will be treated in time for the purpose of entitlement to attend the Annual General Meeting.

2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her. A Proxy must be a member of the Company
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.
4. Members who have deposited their shares into Central Depository Company of Pakistan Limited (CDC) will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 of the Securities and Exchange Commission of Pakistan:

a. For attending the meeting:

- i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account; and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (NIC) or original passport at the time of attending the meeting. The shareholders registered on CDC are also requested to bring their Participants I.D. numbers and account numbers in CDC.
- ii). In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

b. For appointing proxies

- i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account; and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - ii). The proxy form shall be witnessed by two persons whose names and NIC Nos. shall be mentioned on the form.
 - iii). Attested Copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv). The proxy shall produce his original NIC or original passport at the time of the meeting.
 - v). In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.
5. **CNIC/IBAN for E-Dividend Payment**

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

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

Pursuant to the Securities and Exchange Commission of Pakistan's notification S.R.O 470(I)/2016 dated 31 May, 2016, the shareholders of Crescent Cotton Mills Limited had accorded their consent for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copy of the aforesaid documents may send to the Company Secretary / Share Registrar, the Standard Request Form provided in the annual report and also available on the website of the Company and the Company will supply hard copies of the aforesaid document to the

shareholders on demand, free of cost, within one week of such demand. The shareholders who intends to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the annual report and also available on the Company's website: www.crescentcotton.com

7. The members can attend the AGM via video link using smart phones / tablets. To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information alongwith valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) through email at **cfo@crescentcotton.com** by October 25, 2023
8. Placement of Financial Statements The Company has placed a copy of the Notice of AGM, Annual Separate and Consolidated Financial Statements for the year ended June 30, 2023 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company.

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017.

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 27, 2023.

Item Number 4 of the Notice - Circulation of the annual audited financial statements to the members through QR enabled code and weblink:

The Securities and Exchange Commission of Pakistan ("SECP) vide SRO 389(I)/2013 dated March 21, 2023 has allowed the listed companies to circulate the Annual Audited Financial Statements including Annual Balance Sheet and Profit and Loss Account, Auditor's Report and Directors Report, etc. ("annual audited financial statements") to its members through QR enabled code and weblink instead of circulation through CD/DVD/USB. This will enable the company to use of technological advancements and cost saving. The company shall circulate the annual audited financial statements through email in case email address has been provided by the member to the company and the consent of member to receive the copies through email is not required. The company shall send the complete financial statements with relevant documents in hard copy to the shareholders, at their registered addresses, free of cost, within one week, if a request has been made by the member on the standard request form available on the website of the company.

Item Number 5 of the Notice - Ratification and approval of the related party transactions carried out during the year ended June 30, 2023:

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.

However, during the year since Company's Directors were interested in certain transactions due to their common directorships in the associated companies. Such transactions should be placed before the shareholders in AGM for their formal approval ratification. Accordingly, these transactions are being placed before the AGM for the formal approval ratification by shareholders. All transactions with related parties to be ratified have been disclosed in the Note 37 to the financial statement for the year ended June 30, 2023. Party-wise details of such related party transactions are given below:

	(RUPEES IN "000")
Crescot Mills Limited (Raw Materials purchased)	167,718
Crescot Mills Limited (Expenses paid)	6

VISION

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

MISSION

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

CHAIRMAN'S REVIEW

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

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board has developed a mechanism for the evaluation of performance of the Board of Directors. For the financial year ended June 30, 2023, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as Satisfactory is based on an evaluation of integral components including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

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

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



TAIMUR AMJAD

CHAIRMAN

Faisalabad

September, 30, 2023

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors of your Company are pleased to present their report and audited financial statements for the year ended June 30, 2023 together with the auditors' report thereon.

Overview Of Economy And Industry

The Pakistani textile industry is currently facing significant challenges due to various factors, including the global economic slowdown, higher costs of raw materials, unavailability of energy at competitive rates, rapid currency fluctuations and increased government taxation. As a result, textile exports have declined by 12.40% during the current year as compared to the corresponding previous year. These challenging circumstances have posed serious difficulties for sustainable growth of the industry. Pakistan is facing economic challenges of current account deficit, depleting foreign exchange reserves, surge in inflation and interest rates on the back of rising commodity prices, and deceleration of GDP growth. These factors coupled with heightened local and geo-political uncertainty have impacted investors' confidence.

During the financial year 2022-23, local cotton prices in Pakistan remained high due to a short crop and floods while international prices were low because of global economic and political factors. Since the Pakistani spinners wanted to replenish their stocks for their annual spinning requirements, prices in local cotton market remain elevated. The Company had to purchase local cotton at whatever prices available in the market, therefore, planned to use a combination of local and imported cotton to meet annual production requirements. Pakistani yarn sellers faced challenges in international market due to a global recession, high inflation, and currency fluctuations. Despite the support of the weak Pakistani rupee, the company faced severe competition from other countries like India, Vietnam, and Indonesia. The Division responded by focusing on the local market which generated favorable results. The management anticipates that the situation of cotton yarn business would remain under pressure in near future and is simultaneously promoting open-end and value-added yarn in both local and international markets.

Financial And Operational Performance

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

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

The company earned a pre-tax profit of Rs. 186.953 million as compared to pre-tax profit of Rs. 332.479 million in the last year.

Sales revenue during the year under review have been recorded at Rs. 5,922.209 million which has comparatively less than last year's sales of Rs. 7,115.273 million. The decrease in revenue is due to the global economic recession resulting in decline in the export sales.

Our gross profit ratio to sales this year is 7.91% (2022 : 10.21%).

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

SUMMARY OF KEY FINANCIAL RESULTS IN COMPARISON TO LAST YEAR

PROFIT AND LOSS	FY-2023		FY-2022		INCREASE/(DECREASE)	
	RS. IN "000"	%	RS. IN "000"	%	RS. IN "000"	%
Sales revenue	5,922,209	100.00	7,115,273	100.00	(1,193,064)	(16.77)
Cost of sales	5,454,058	92.09	6,388,941	89.79	(934,883)	(14.63)
Gross profit	468,151	7.91	726,332	10.21	(258,181)	(35.55)
Operating expenses	300,351	5.07	364,529	5.12	(64,178)	(17.61)
Other income	128,951	2.18	69,809	0.98	59,142	84.72
Profit from operations	296,751	5.01	431,612	6.07	(134,861)	(31.25)
Finance cost	109,798	1.85	99,133	1.39	10,665	10.76
Taxation	72,168	1.22	83,475	1.17	(11,307)	(13.55)
Profit after taxation	114,785	1.94	249,004	3.50	(134,219)	(53.90)
Earnings per share (Rs.)	5.07		10.99		(5.92)	

Textile industry's performance declined during the financial year 2022-23 due to slump in global demand for textile products. The reasons for low demand are high inflation, increase in interest rates and reduction in Covid-19 subsidies that affected consumers' purchasing power. The cost of production has increased due to the energy crisis and shortage of raw materials, particularly cotton. The textile industry in Pakistan is also facing rapid currency fluctuations and unprecedented government taxation, which has resulted in capacity underutilization and the closure of several small to medium-sized units. Only the large and vertically integrated production facilities remained resilient and sustained in the face of unfavorable circumstances.

Pakistan is going through the worst economic and political crises of the history and its impacts are reflecting everywhere in the country. Pakistan's reputation is at risk because thousands of containers stuck at the port and global shipping companies are showing their concerns to provide services to Pakistan. Extremely high inflation rate and severe depreciation of rupee against US dollar are creating significant doubt about the country's financial viability and increasing the default risk. This situation of the country is posing serious challenges to the textile and other businesses. Margins are continuously squeezing due to very high cost of doing business like expensive local and imported raw materials, scarcity of local cotton, discontinuation of power subsidies, high wages, interest rates and distribution costs. The current and coming year will be very difficult because Pakistan's economy is very much dependent on IMF program and after its revival another wave of inflation is expected in the form of high energy prices, imposition of additional taxes, further depreciation of currency, increase in interest rates. In these circumstances there is need to make a comprehensive textile policy by involving all stakeholders to combat these challenges.

Financial Strength

The company has been able to improve its financial strength, the current ratio of the company is now 1.14 (2022 : 1.16). The Company's cash flow management system projects cash inflows and outflows on a regular basis and monitors the cash position on a daily basis. The Company manages its working capital requirements through short term borrowings.

Earnings Per Share

The profit per share from operations stood at Rs. 5.07 per share (2022 : Profit Rupees 10.99 per share).

Risk And Opportunities

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

Strategic Risks

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

Business Risks

The Company faces a number of following business risks:

Cotton Supply and Price

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

Export Demand and Price

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

Energy Availability and Cost

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

Financial Risks

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

Currency risk

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

Interest rate risk

The Company's interest rate risk arises from long term financing and short term borrowings. Fair value sensitivity analysis and cash flow sensitivity analysis shows that the Company's profitability is not materially exposed to the interest rate risk.

Credit risk

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

Liquidity risk

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

Employee Recruitment And Retention

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

Product Development

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

Statement on Corporate and financial reporting framework

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

NAME OF DIRECTORS

(In alphabetical order)

<u>NAME OF DIRECTORS</u>	<u>MEETINGS ATTENDED</u>
Mr. Abid Mahmood	4
Mr. Adnan Amjad	4
Mr. Naveed Gulzar	4
Miss. Nazish Arshad	4
Mr. Salman Rafi	4
Mr. Shameen Azfar	4
Mr. Taimur Amjad	4

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

NAME OF DIRECTORS

(In alphabetical order)

<u>NAME OF DIRECTORS</u>	<u>MEETINGS ATTENDED</u>
Mr. Adnan Amjad	4
Mr. Salman Rafi	4
Mr. Taimur Amjad	4

Financial Statements

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

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

Appropriations

The Board of Directors of the company feels that it is prudent to plough back the profits for future growth and enhanced working capital needs of the company and do not recommend any dividend for the year ended June 30,2023. The Company will be able to provide sufficient returns to shareholders in the upcoming years.

Pattern of Shareholding

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

<u>SR.#</u>	<u>NAME OF DIRECTORS/SPOUSE/MINOR</u>	<u>SHARES PURCHASED</u>	<u>TRANSFERRED OUT</u>
1.	Mr. Abid Mehmoood (CEO)	114,863	-
2.	Mr. Adnan Amjad	98,000	-
3.	Mr. Naveed Gulzar	278,287	286,364
4.	Miss Nazish Arshad	346,095	-
5.	Mr. Taimur Amjad	65,420	-

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

Related Parties

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

Corporate Governance

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

Committees Of The Board

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

Corporate Social Responsibility

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

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

External Auditors

The present external auditors M/s. Riaz Ahmad & Company, Chartered Accountants would retire at the conclusion of the annual general meeting and being eligible for re-appointment have given their consent. Based on the suggestion of the audit committee, the Board has recommended re-appointment of M/s. Riaz Ahmad & Company, Chartered Accountants as external auditors for the year ending June 30, 2024.

Events after reporting date

There is no significant event after reporting period which needs to be mentioned in Directors' Report.

Consolidated financial statements

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

Way Forward

Current political scenario and dwindling foreign exchange reserves is badly affecting the textile sector. Delay in opening of letter of credit of raw materials and delay in retirement of documents is badly disturbing raw material inventory levels for smooth flow of mills operations and is increasing cost of doing business. State Bank of Pakistan has increased policy rates to 22% which are ever highest in history of Pakistan. Pakistan economy has been badly affected by flooding and heavy rains during July-September 2022. Most of agriculture crops in flooded areas has been destroyed. Cotton crop has been totally ruined in flooded areas and lint production is expected to be hardly 4.8 million bales against 7.4 million bales of last year which is less by 35% of last year's production. Russian-Ukraine conflict is continuously threatening the global

of last year which is less by 35% of last year's production. Russian-Ukraine conflict is continuously threatening the global economy and conflict is badly slackening the global economies in view of slow demand, high inflation rate and increasing interest rates, Economists and all institutions are predicting a significant slowdown of global growth in year 2024 and are not expecting major recovery rebound in year 2024. Management of your company is closely watching all scenarios and focusing efforts on minimizing cost by enhancing capacity, improving efficiencies to achieve the favorable financial results of current financial year.

Pakistan's economy, especially the textile sector continues to struggle as it faces an unprecedented increase in the cost of doing business. In addition, it is faced with lower orders from international buyers. The world economies are faced with recession and buyers are reluctant to place long term orders. The world recession has affected our textile industry severely as being a consumer driven industry, the loss of buying power has affected it the most. Although the sharp depreciation of the Pak Rupee has made our products very competitive, we continue to bear the brunt of loss of demand. In addition, the increase in operating costs and the loss of regionally competitive electricity tariff has compounded our problems. The country's foreign currency reserves dipped to low levels which is also affecting our raw material and spare part imports. The management remains cognizant of these challenges as it continues its efforts to regain its profitability by increasing its marketing efforts to increase its share of the market. We also remain focused on the challenge of reducing our operating costs and using our efficiencies to maximize our returns.

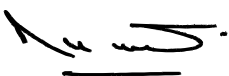
These economic challenges are pronounced by rising inflation across the globe, and a general slowdown in global demand. Domestically, rising utilities costs, higher financing costs, higher employment costs, and additional taxation have increased input costs for manufacturing and have resultantly reduced customer demand. These measures have also impacted cash flows and agility of businesses. These challenges are expected to persist well through the next FY and will impede our ability to execute projects in hand, while influencing the velocity with which new projects are issued.

SUBSIDIARIES

CRESCOT MILLS LIMITED

CML is engaged in the business of trading raw materials of textiles. During the year CML earned revenue of Rupees 482.937 million and earned profit after taxation of Rupees 36.228 million.

For and on behalf of
the Board of Directors



ABID MEHMOOD
CHIEF EXECUTIVE OFFICER



NAVEED GULZAR
DIRECTOR

Faisalabad
September 30, 2023

کریسنٹ کاٹن ملز لمیٹڈ حصص یافتگان کے لیے ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز مالی سال مئی 2023ء کے لیے آڈٹ شدہ مالی معلومات پر مبنی رپورٹ آڈیٹران کی رپورٹ کے ہمراہ آپ کی خدمت میں پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

معیشت اور انڈسٹری کا جائزہ:

پاکستانی ٹیکسٹائل انڈسٹری کو اس وقت عالمی اقتصادی سست روی، خام مال کی زیادہ قیمتیں، مسابقتی نزخوں پر توانائی کی عدم دستیابی، کرنسی میں تیزی سے اتار چڑھاؤ اور حکومتی ٹیکسوں میں اضافہ سمیت مختلف عوامل کی وجہ سے اہم چیلنجز کا سامنا ہے۔ نتیجتاً ٹیکسٹائل کی برآمدات میں گزشتہ سال کے مقابلہ میں رواں سال کے دوران 12.40 فیصد کمی واقع ہوئی ہے۔ ان مشکل حالات نے صنعت کی پائیدار ترقی کے لیے سنگین مشکلات کھڑی کر دی ہیں۔ پاکستان کو کرنٹ اکاؤنٹ خسارے، زرمبادلہ کے ذخائر میں کمی، مہنگائی اور شرح سود میں اضافے کی وجہ سے اجناس کی بڑھتی ہوئی قیمتوں اور جی ڈی پی کی شرح نمو میں کمی جیسے معاشی چیلنجز کا سامنا ہے۔ مقامی اور جغرافیائی سیاسی غیر یقینی صورتحال کے ساتھ مل کر ان عوامل نے سرمایہ کاروں کے اعتماد کو متاثر کیا ہے۔

مالی سال 2022-23 کے دوران پاکستان میں کپاس کی مقامی قیمتیں کم پیداوار اور سیلاب کی وجہ سے بلند رہیں جبکہ بین الاقوامی قیمتیں عالمی اقتصادی اور سیاسی عوامل کی وجہ سے کم رہیں۔ چونکہ پاکستانی اسپنرز اپنی سالانہ اسپننگ ضروریات کے لیے اپنا سٹاک پورا رکھنا چاہتے تھے، اس لیے مقامی کاٹن مارکیٹ میں قیمتیں بلند رہیں۔ کمپنی کو مارکیٹ میں دستیاب قیمتوں پر مقامی کپاس خریدنی تھی، اس لیے، سالانہ پیداواری ضروریات کو پورا کرنے کے لیے مقامی اور درآمد شدہ کپاس کے امتزاج کو استعمال کرنے کا منصوبہ بنایا۔ پاکستانی یارن فروشوں کو عالمی کساد بازاری، بلند افراط زر، اور کرنسی کے اتار چڑھاؤ کی وجہ سے بین الاقوامی منڈی میں چیلنجز کا سامنا کرنا پڑا۔ کمزور پاکستانی روپے کی حمایت کے باوجود، کمپنی کو دوسرے ممالک جیسے بھارت، ویت نام، اور انڈونیشیا سے سخت مقابلے کا سامنا کرنا پڑا۔ ڈویژن نے مقامی مارکیٹ پر توجہ مرکوز کرتے ہوئے جواب دیا جس کے مثبت نتائج برآمد ہوئے۔ انتظامیہ کو توقع ہے کہ مستقبل قریب میں سوتی دھاگے کے کاروبار کی صورتحال دباؤ میں رہے گی اور ساتھ ہی ساتھ مقامی اور بین الاقوامی دونوں منڈیوں میں اوپن اینڈ اور ویلیو ایڈڈ یارن کو فروغ دے رہی ہے۔

مالیاتی اور عملی کارکردگی:

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

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

والے ایسے ہی دیگر یونٹوں کے مقابلے میں بہتر کارکردگی کا مظاہرہ کیا ہے۔

کمپنی کو پچھلے سال کے 332.479 ملین روپے قبل از ٹیکس منافع کے مقابلہ میں 186.953 ملین روپے قبل از ٹیکس منافع ہوا۔

زیر جائزہ سال کے دوران فروخت کی آمدنی 5,922.209 ملین روپے ریکارڈ کی گئی جو پچھلے سال کی فروخت 7,115.273 ملین روپے کے

مقابلے میں نسبتاً کم ہوئی ہے۔ آمدنی میں کمی کی وجہ عالمی معاشی کساد بازاری ہے جس کے نتیجے میں برآمدات کی فروخت میں کمی آئی ہے۔

اس سال فروخت پر ہمارے مجموعی منافع کا تناسب 7.91 فیصد ہے۔ (2022 میں 10.21 فیصد)

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

پچھلے سال کے مقابلے میں کلیدی مالی نتائج کا خلاصہ

نفع اور نقصان	مالی سال 2023	فیصد	مالی سال 2022	فیصد	اضافہ / (کمی)	فیصد
	(ہزار روپے)	%	(ہزار روپے)	%	(ہزار روپے)	%
فروخت کی آمدنی	5,922,209	100.00	7,115,273	100.00	(1,193,064)	(16.77)
فروخت کی لاگت	5,454,058	92.09	6,388,941	89.79	(934,833)	(14.63)
خام منافع	468,151	7.91	726,332	10.21	(258,181)	(35.55)
عملی اخراجات	300,351	5.07	364,529	5.12	(64,178)	(17.61)
دیگر آمدنی	128,951	2.18	69,809	0.98	59,142	84.72
عوامل سے منافع	296,751	5.01	431,612	6.07	(134,861)	(31.25)
مالیاتی لاگت	109,798	1.85	99,133	1.39	10,665	10.76
محصولات	72,168	1.22	83,475	1.17	(11,307)	(13.55)
منافع بعد از محصولات	114,785	1.94	249,004	3.50	(134,219)	(53.90)
فی حصص آمدنی (روپے)	5.07		10.99		(5.92)	

مالی سال 2022-23 کے دوران ٹیکسٹائل مصنوعات کی عالمی طلب میں کمی کی وجہ سے ٹیکسٹائل انڈسٹری کی کارکردگی میں کمی واقع ہوئی۔ کم طلب کی وجوہات میں بلند افراط زر، شرح سود میں اضافہ اور کوویڈ 19 سبسڈی میں کمی ہے جس نے صارفین کی قوت خرید کو متاثر کیا۔ توانائی کے بحران اور خام مال بالخصوص کپاس کی کمی کی وجہ سے پیداواری لاگت میں اضافہ ہوا ہے۔ پاکستان میں ٹیکسٹائل کی صنعت کو بھی کرنسی میں تیزی سے اتار چڑھاؤ اور غیر معمولی حکومتی ٹیکسوں کا سامنا ہے، جس کے نتیجے میں صلاحیت کم ہو گئی ہے اور کئی چھوٹے سے درمیانے درجے کے یونٹس بند ہو گئے ہیں۔ صرف بڑی اور عمودی طور پر مرمیوٹ پیداواری سہولیات ہی ناموافق حالات میں لچکدار اور پائیدار رہیں۔

پاکستان تاریخ کے بدترین معاشی اور سیاسی بحران سے گزر رہا ہے اور اس کے اثرات ملک میں ہر جگہ جھلک رہے ہیں۔ پاکستان کی ساکھ خطرے میں ہے کیونکہ بندرگاہ پر ہزاروں کنٹینرز پھنسے ہوئے ہیں اور عالمی شپنگ کمپنیاں پاکستان کو خدمات فراہم کرنے پر اپنے تحفظات کا اظہار کر رہی ہیں۔ مہنگائی کی انتہائی بلند شرح اور امریکی ڈالر کے مقابلے میں روپے کی شدید گراؤ ملک کی مالی استحکام کے بارے میں اہم شکوک پیدا کر رہی ہے اور ڈیفالٹ کے خطرے کو بڑھا رہی ہے۔ ملک کی یہ صورتحال ٹیکسٹائل اور دیگر کاروباروں کے لیے سنگین خطرات پیدا کر رہی ہے۔ کاروبار کرنے کی بہت زیادہ لاگت جیسا کہ مہنگے مقامی اور درآمدی خام مال، مقامی کپاس کی کمی، بجلی کی سبسڈی کی بندش، زیادہ اجرت، شرح سود اور تقسیم کے اخراجات کی وجہ سے منافع مسلسل کم ہو رہا ہے۔ موجودہ اور آنے والا سال بہت مشکل ہوگا کیونکہ پاکستان کی معیشت کا بہت زیادہ انحصار آئی ایم ایف پروگرام پر ہے اور اس کی بحالی کے بعد مہنگائی کی ایک اور لہر تو انائی کی بلند قیمتوں، اضافی ٹیکسوں کے نفاذ، کرنسی کی قدر میں مزید کمی، سود کی شرح میں اضافے کی صورت میں متوقع ہے۔ ان حالات میں ان چیلنجز سے نمٹنے کے لیے تمام اسٹیک ہولڈرز کو شامل کر کے ایک جامع ٹیکسٹائل پالیسی بنانے کی ضرورت ہے۔

مالی طاقت:

کمپنی اپنی مالی طاقت کو بہتر بنانے میں کامیاب رہی ہے، کمپنی کا موجودہ تناسب اب 1.14 ہے (2022 میں 1.16)۔ کمپنی کا کیش فلو مینجمنٹ سسٹم مستقل بنیادوں پر کیش ان فلو اور آؤٹ فلو کا منصوبہ بناتا ہے اور روزانہ کی بنیاد پر کیش پوزیشن پر نظر رکھتا ہے۔ کمپنی مختصر مدت کے قرضوں کے ذریعے اپنے جاری سرمایہ کی ضروریات کا انتظام کرتی ہے۔

فی حصص آمدنی:

عوامل کے لیے فی حصص نفع 5.07 روپے رہا۔ (2022ء میں فی حصص نفع 10.99 روپے)

خطرات اور مواقع:

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

تزویراتی خطرات:

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

کاروباری خطرات:

کمپنی کو درج ذیل متعدد کاروباری خطرات کا سامنا ہے:

کپاس کی رسد اور قیمت:

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

برآمدی طلب اور قیمت:

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

توانائی کی دستیابی اور قیمت:

توانائی کی بڑھتی ہوئی قیمتیں اور عدم دستیابی یعنی بجلی اور گیس کی کمی پیداواری صنعت کیلئے بہت بڑا خطرہ ہے۔ اگر یہ خطرہ کم نہ کیا جائے تو بین الاقوامی منڈیوں میں مسابقت کیلئے ہمیں نااہل کر سکتا ہے۔ توانائی کے بڑھتے ہوئے اخراجات کا مقابلہ کرنے کے لیے کمپنی متبادل قابل تجدید توانائی کے ذرائع اختیار کر رہی ہے۔ کمپنی کی تمام پیداواری سہولیات پر بھی توانائی کی بچت کے اقدامات کیے گئے ہیں۔ اسی طرح واپڈ اسے بجلی کے کنکشن حاصل کرنے کے ساتھ ساتھ کمپنی کے تقریباً تمام مقامات پر بجلی پیدا کرنے کے لئے پاور پلانٹس لگا کر توانائی کی عدم دستیابی کے خطرے کو کم کیا گیا ہے۔

مالی خطرات:

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

کرنسی کا خطرہ:

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

شرح سود کا خطرہ:

کمپنی کو شرح سود کا خطرہ طویل مدتی فنڈنگ اور قلیل مدتی قرضے سے پیدا ہوتا ہے۔ مناسب قدر کی حساسیت کا تجزیہ اور نقد بہاؤ کی حساسیت کا تجزیہ ظاہر کرتا ہے کہ کمپنی کا نفع شرح سود کے خطرے سے مادی طور پر خالی نہیں ہے۔

ادھار کا خطرہ:

کمپنی کے ادھار کے خطرات اور خرابی کے نقصانات کے لیے کمپنی کا کریڈٹ ایکسپوزر اس کے تجارتی قرضوں، سرمایہ کاری، بینک بیلنس، دیگر قابل وصول، قرضوں، ایڈوانسز اور ڈپازٹس سے متعلق ہے۔ اس خطرے کو اس حقیقت سے کم کیا جاسکتا ہے کہ ہمارے بیشتر صارفین کی مالی حیثیت مضبوط ہے اور ہمارے تمام صارفین کے ساتھ ہمارے دیرینہ کاروباری تعلقات ہیں۔ ہم اپنے صارفین کی طرف سے عدم تعاون کی توقع نہیں کرتے لہذا ادھار کا خطرہ کم ہے۔

لیکویڈٹی کا خطرہ:

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

ملازمین کی بھرتی اور معاوضہ:

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

پیداوار میں بہتری:

کمپنی کی انتظامیہ برآمدی منڈی کے لیے مصنوعات کی بہتری اور بعد ازاں ہمارے اپنے برانڈ کی اعلیٰ بین الاقوامی معیار کی مصنوعات کی تیاری پر توجہ مرکوز کیے ہوئے ہے جسے بین الاقوامی مارکیٹ میں اپنی طلب پیدا کرنا چاہئے۔ مزید برآں کمپنی کی 90 فیصد سے زیادہ پیداوار کو بنیادی اجناس کی اشیاء میں درجہ بندی کیا جاسکتا ہے اور کسی عام جنس کی مناسب مارکیٹ تیار کرنا ایک بہت بڑا کام ہے جس کے لئے انتظامیہ مسلسل کوشش کر رہی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر بیان:

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

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

- 3- مالیاتی بیانات کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کو مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات معقول اور ٹھوس فیصلوں پر مبنی ہیں۔
- 4- مالیاتی سٹیٹمنٹ کی تیاری میں عالمی مالیاتی رپورٹنگ کے معیارات، جیسے پاکستان میں لاگو ہیں، ان کی پیروی کی گئی ہے اور ان سے کسی بھی رخصت پر مناسب وضاحت دی گئی ہے۔
- 5- اندرونی کنٹرول کا نظام ڈیزائن میں محفوظ ہے اور اس کا نفاذ اور نگرانی مؤثر طریقے سے کی گئی ہے، اور
- 6- اس میں کوئی شک نہیں کہ کمپنی میں متعلقہ معاملات کو جاری رکھنے کے لئے ممکنہ صلاحیت موجود ہے۔
- 7- رواں سال کے دوران کمپنی کے عملی نتائج میں مخصوص رخنوں کی تفصیلات چیف ایگزیکٹو آفیسر کے جائزہ میں بیان کی گئی ہیں۔
- 8- پچھلے چھ سال کا تلخیص شدہ بنیادی عملی اور مالیاتی ڈیٹا لف ہے۔
- 9- مالیاتی بیانات میں ظاہر شدہ کے علاوہ ٹیکسز، ڈیوٹیز، لیویز اور چارجز کی مد میں تمام قانونی ادائیگیاں کر دی گئی ہیں۔
- 10- سال کے دوران بورڈ کے چار اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی حاضری درج ذیل ہے:

ڈائریکٹر کا نام (الفبائی ترتیب کے مطابق) شرکت کردہ اجلاس

4	مسٹر عابد محمود
4	مسٹر عدنان امجد
4	مسٹر نوید گلزار
4	مسماۃ نازش ارشد
4	مسٹر سلمان رفیع
4	مسماۃ شامین اظفر
4	مسٹر تیمور امجد

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

ڈائریکٹر کا نام (الفبائی ترتیب کے مطابق) شرکت کردہ اجلاس

4	مسٹر عدنان امجد
4	مسٹر سلمان رفیع
4	مسٹر تیمور امجد

مالیاتی بیانات:

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

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

تخصیصات:

کمپنی کے بورڈ آف ڈائریکٹرز کو لگتا ہے کہ مستقبل کی ترقی اور کمپنی کے بڑھے ہوئے ورکنگ کپیٹل کی ضروریات کے لیے منافع کو واپس لینا سمجھداری کی بات ہے اور 30 جون 2023 کو ختم ہونے والے سال کے لیے کسی ڈیویڈنڈ کی سفارش نہیں کرتے۔ کمپنی آنے والے سالوں میں حصص یافتگان کو کافی منافع فراہم کر سکے گی۔

حصص یافتگی کا نمونہ:

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

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

نمبر شمار	ڈائریکٹر/اہلیہ/نابالغ بچوں کا نام	خریدے گئے حصص	منتقل کیے گئے حصص
1	مسٹر عابد محمود (چیف ایگزیکٹو آفیسر)	114,863	-
2	مسٹر عدنان امجد	98,000	-
3	مسٹر نوید گلزار	278,287	286,364
4	مسماة نازش ارشد	346,095	-
5	مسٹر تیمورا امجد	65,420	-

متذکرہ بالا ڈائریکٹرز/اہلیہ/نابالغ بچوں کے علاوہ سال کے دوران کسی بھی ڈائریکٹر، اس کی اہلیہ/نابالغ بچوں، چیف فنانشل آفیسر، کمپنی سیکرٹری اور ان کی بیگمات یا نابالغ بچوں کی طرف سے حصص کی کوئی خرید و فروخت نہیں ہوئی۔

متعلقہ پارٹیاں:

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

کارپوریٹ گورننس:

مندرجہ کمپنیوں کے ہمراہ تکمیل کا بیان قواعد و ضوابط کوڈ آف کارپوریٹ گورننس 2019 لف ہے۔

بورڈ کی کمیٹیاں:

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

ادارہ جاتی سماجی ذمہ داری:

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

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

بیرونی محاسب:

موجودہ بیرونی محاسب میسرز ریاض احمد اینڈ کو، چارٹرڈ اکاؤنٹینٹس سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے اور اہل ہونے کی صورت میں انہوں نے اپنی رضامندی ظاہر کی ہے۔ محاسب کمیٹی کی تجویز کی بنیاد پر بورڈ نے میسرز ریاض احمد اینڈ کو، چارٹرڈ اکاؤنٹینٹس کی 30 جون 2024ء کو ختم ہونے والے مالی سال کے لیے بطور بیرونی محاسب دوبارہ تعیناتی کی سفارش کی ہے۔

احوال بعد از تاریخ رپورٹنگ:

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

مضبوط مالی بیانات:

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

پیش بندی:

موجودہ سیاسی منظر نامے اور گرتے ہوئے زرمبادلہ کے ذخائر ٹیکسٹائل سیکٹر کو بری طرح متاثر کر رہے ہیں۔ خام مال کے لیٹر آف کریڈٹ کے کھلنے میں تاخیر اور دستاویزات کے اجراء میں تاخیر ملز کے آپریشنز کے ہموار بہاؤ کے لیے خام مال کے اسٹاک کی سطح کو بری طرح پریشان کر رہی ہے اور کاروبار کرنے کی لاگت میں اضافہ کر رہی ہے۔ اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ بڑھا کر 22 فیصد کر دیا ہے جو کہ پاکستان کی تاریخ میں اب تک کی بلند ترین شرح ہے۔ پاکستان کی معیشت جولائی تا ستمبر 2022 کے دوران سیلاب اور شدید بارشوں سے بری طرح متاثر ہوئی ہے۔ سیلاب زدہ علاقوں میں زیادہ تر زرعی فصلیں تباہ ہو چکی ہیں۔ سیلاب زدہ علاقوں میں کپاس کی فصل مکمل طور پر تباہ ہو گئی ہے اور روٹی کی پیداوار بشکل 4.8 بلین گانٹھیں ہونے کی توقع ہے جو گزشتہ سال کی 7.4 بلین گانٹھوں کے مقابلے میں گزشتہ سال کی پیداوار کا 35 فیصد کم ہے۔ روس اور یوکرین تنازعہ عالمی معیشت کے لیے مسلسل خطرہ بنا ہوا ہے اور یہ تنازعہ سست مانگ، مہنگائی کی بلند شرح اور شرح سود میں اضافے کے پیش نظر عالمی معیشتوں کو بری طرح سے سست کر رہا ہے۔ ماہرین اقتصادیات اور تمام ادارے سال 2024 میں عالمی نمویں نمایاں کمی کی پیش گوئی کر رہے ہیں اور سال 2024 میں بڑی بحالی کی توقع نہیں کر رہے ہیں۔ آپ کی کمپنی کی انتظامیہ تمام منظر ناموں کو قریب سے دیکھ رہی ہے اور موجودہ مالی سال کے سازگار مالیاتی نتائج حاصل کرنے کے لیے صلاحیت کو بڑھا کر، استعداد کار کو بہتر بنا کر لاگت کو کم کرنے پر توجہ مرکوز کر رہی ہے۔

پاکستان کی معیشت خصوصاً ٹیکسٹائل کا شعبہ مسلسل جدوجہد کر رہا ہے کیونکہ اسے کاروبار کرنے کی لاگت میں غیر معمولی اضافے کا سامنا ہے۔ اس کے علاوہ، اسے بین الاقوامی خریداروں کی جانب سے آرڈرز کی کمی کا بھی سامنا ہے۔ عالمی معیشتوں کو کساد بازاری کا سامنا ہے اور خریدار طویل مدتی آرڈر دینے سے گریزاں ہیں۔ عالمی کساد بازاری نے ہماری ٹیکسٹائل انڈسٹری کو صارفین پر مبنی صنعت ہونے کی وجہ سے بری طرح متاثر کیا ہے، قوت خرید میں کمی نے اسے سب سے زیادہ متاثر کیا ہے۔ اس کے علاوہ، عملی لاگت میں اضافے اور علاقائی طور پر مسابقتی بجلی کے نرخوں میں کمی نے ہمارے مسائل کو مزید بڑھا دیا ہے۔ ملک کے زرمبادلہ کے ذخائر کم سطح پر آگئے ہیں جس سے ہمارے خام مال اور فاضل پرزہ جات کی درآمدات بھی متاثر ہو رہی ہیں۔ انتظامیہ ان مشکلات سے بخوبی واقف ہے کیونکہ وہ مارکیٹ میں اپنا حصہ بڑھانے کے لیے اپنی مارکیٹنگ کی کوششوں کو بڑھا کر اپنے منافع کو دوبارہ حاصل کرنے کی کوششیں جاری رکھے ہوئے ہے۔ ہم اپنے عملی اخراجات کو کم کرنے اور اپنے منافع کو زیادہ سے زیادہ کرنے کے لیے اپنی صلاحیتوں کو استعمال کرنے کے ہدف پر بھی توجہ مرکوز کیے ہوئے ہیں۔

یہ معاشی چیلنج پوری دنیا میں بڑھتی ہوئی افراط زر اور عالمی طلب میں عمومی سست روی سے ظاہر ہوتے ہیں۔ مقامی طور پر، بڑھتے ہوئے یوٹیلٹی اخراجات، زیادہ فنانسنگ کے اخراجات، زیادہ روزگار کے اخراجات اور اضافی ٹیکس نے پیداوار کے لیے ان پٹ لاگت میں اضافہ کیا ہے اور اس کے نتیجے میں صارفین کی طلب میں کمی آئی ہے۔ ان اقدامات نے نقدی کے بہاؤ اور کاروباری تحریک کو بھی متاثر کیا ہے۔ توقع کی جاتی ہے کہ یہ چیلنجز اگلے مالی سال تک اچھی طرح برقرار رہیں گے اور نئے منصوبے جاری کیے جانے کی رفتار کو متاثر کرتے ہوئے، پہلے سے جاری منصوبوں کو انجام دینے کی ہماری صلاحیت میں رکاوٹ پیدا کریں گے۔

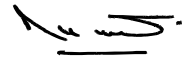
ماتحت کمپنیاں:

کریسکوٹ ملز لمیٹڈ:

کریسکوٹ ملز لمیٹڈ ٹیکسٹائل کے خام مال کی تجارت کے کاروبار میں مصروف ہے۔ سال کے دوران کریسکوٹ ملز لمیٹڈ نے 482.937 ملین روپے کی آمدنی حاصل کی اور بعد از محصولات 36.228 ملین روپے کا منافع کمایا۔

منجانب

بورڈ آف ڈائریکٹرز

ڈائریکٹر

چیف ایگزیکٹو آفیسر

فیصل آباد

30 ستمبر 2023ء

KEY OPERATING AND FINANCIAL DATA

(RUPEES IN MILLION)

	2023	2022	2021	2020	2019	2018
Summary of Profit and Loss Account						
Sales	5,922	7,115	5,406	5,517	7,393	6,094
Gross profit	468	726	726	365	289	244
Profit from operations	297	431	485	156	80	104
Finance cost	110	99	87	104	84	55
Profit/(Loss) before taxation	187	332	398	52	(4)	49
Taxation	72	83	76	10	88	43
Profit/(Loss) after taxation	115	249	322	42	(92)	6

Summary of Balance Sheet

Property, plant and equipment	5,911	5,312	5,204	5,191	5,151	4,135
Other non-current assets	63	57	60	65	63	31
Stock in trade	636	658	488	540	475	379
Trade debts	477	514	195	280	200	127
Other current assets	1,124	852	744	753	636	716
Current assets	2,237	2,024	1,427	1,573	1,311	1,222
Total assets	8,211	7,393	6,691	6,829	6,525	5,388
Shareholders equity	1,176	1,091	887	560	531	698
Surplus on revaluation of operating fixed assets	4,926	4,283	4,137	4,137	4,137	3,080
Long term financing	54	111	204	195	131	178
Other non-current liabilities	98	161	149	127	101	81
Trade and other payables	1,173	815	678	645	789	723
Short term borrowings	561	674	369	841	661	529
Other current liabilities	223	258	267	324	175	99
Current liabilities	1,957	1,747	1,314	1,810	1,625	1,351
Total equity and liabilities	8,211	7,393	6,691	6,829	6,525	5,388

Summary of Cash Flow Statement

Cash and cash equivalents at the beginning of the year	44	143	42	50	106	41
Net cash (used in) / generated from operating activities	226	(233)	548	(121)	(125)	118
Net cash used in investing activities	(2)	(64)	(59)	(103)	(25)	(130)
Net cash from / (used in) financing activities	(218)	198	(388)	216	94	77
Net increase / (decrease) in cash and cash equivalents	6	(99)	101	(8)	(56)	65
Cash and cash equivalents at the end of the year	50	44	143	42	50	106

PERFORMANCE INDICATORS

	2023	2022	2021	2020	2019	2018
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Profitability Ratios

Gross profit ratio	%	7.91	10.20	13.43	6.62	3.91	4.00
Net profit to sales	%	1.94	3.50	5.96	0.76	(1.24)	0.10
Return on equity	%	9.78	22.82	36.30	7.50	(17.33)	0.86
Return on capital employed	%	28.01	49.73	59.61	7.79	(0.60)	7.34
Earning/(loss) per share	Rs.	5.07	10.99	14.19	1.83	(4.04)	0.26

Liquidity Ratios

Current ratio	Times	1.14	1.16	1.09	0.87	0.81	0.90
Quick ratio	Times	0.82	0.78	0.71	0.57	0.51	0.62
Cash to current liabilities	%	0.03	0.03	0.11	0.02	0.03	0.08

Activity / Turnover Ratios

Inventory turnover	Times	9	11	9	10	17	18
Number of days in inventory	Days	40	33	40	36	22	20
Debtor turnover	Times	13	20	23	23	45	64
Number of days in receivables	Days	28	18	16	16	8	6
Creditors turnover	Times	6	9	7	7	9	10
Number of days in payables	Days	61	43	52	51	39	35
Total assets turnover	Times	0.82	1.01	0.80	0.83	1.24	1.16
Property, plant and equipment turnover	Times	1.14	1.35	1.04	1.07	1.59	1.49

Investment / Market Ratios

Basic and diluted earning/(loss) per share	Rs.	5.07	10.99	14.19	1.83	(4.04)	0.26
Price earning ratio	Times	6.68	4.15	3.86	21.69	(7.02)	96.69
Market value per share							
- At the end of year	Rs.	33.86	45.66	54.75	39.70	28.38	25.14
- Highest during the year	Rs.	35.00	59.17	60.00	42.88	39.64	39.64
- Lowest during the year	Rs.	29.00	30.55	24.94	24.94	23.89	25.14
Break up value w/o surplus on revaluation	Rs.	51.90	48.15	39.14	24.71	23.43	30.80
Break up value with surplus on revaluation	Rs.	269.28	237.16	221.71	207.28	206.00	166.72

Capital Structure Ratios

Financial leverage ratio	Times	0.52	0.72	0.65	1.85	1.49	1.01
Long term debt to equity ratio	%	4.59	10.17	23.00	34.82	24.67	25.50
Interest coverage ratio	Times	2.70	4.35	5.57	1.50	0.95	1.89

Form - 34
The Companies Act, 2017
(Section 277(f))

Pattern Of Shareholding

1. Incorporation Number **0000984**
2. Name of The Company **Crescent Cotton Mills Limited**
3. Pattern of Holding of the Shares held by the Shareholders as at : **June 30, 2023**

Shareholders	From	To	Total Shares
579	1	100	17,520
421	101	500	102,445
149	501	1,000	107,232
153	1,001	5,000	321,024
29	5,001	10,000	205,974
7	10,001	15,000	87,358
5	15,001	20,000	83,525
4	20,001	25,000	94,477
4	25,001	30,000	108,419
1	35,001	40,000	37,352
7	40,001	45,000	296,520
3	45,001	50,000	142,626
3	50,001	55,000	158,605
4	55,001	60,000	228,930
1	60,001	65,000	63,600
1	65,001	70,000	65,420
2	70,001	75,000	146,172
3	80,001	85,000	246,604
1	85,001	90,000	88,491
1	90,001	95,000	90,650
1	95,001	100,000	98,000
3	100,001	105,000	308,934
1	105,001	110,000	106,000
1	120,001	125,000	121,480
1	125,001	130,000	128,365
2	135,001	140,000	271,329
1	145,001	150,000	148,226
1	155,001	160,000	157,855
1	160,001	165,000	162,541
1	165,001	170,000	167,866
1	170,001	175,000	173,012
2	175,001	180,000	355,715
2	190,001	195,000	381,600
1	195,001	200,000	200,000
2	205,001	210,000	413,183
2	210,001	415,000	426,255
1	215,001	220,000	216,555
1	225,001	230,000	226,753
1	230,001	235,000	230,834
1	350,001	355,000	353,224
3	380,001	385,000	1,148,578
1	400,001	405,000	403,107
1	410,001	415,000	413,264
1	435,001	440,000	435,378
1	465,001	470,000	465,819
1	470,001	475,000	473,403
2	570,001	575,000	1,145,619
1	590,001	595,000	590,744
1	605,001	610,000	606,885
2	640,001	645,000	1,285,083
1	650,001	655,000	654,821
1	670,001	678,000	671,646
1	705,001	710,000	708,599
1	1,015,001	1,020,000	1,017,813
1	1,030,001	1,035,000	1,034,499
1	1,060,001	1,065,000	1,061,848
1	1,225,001	1,230,000	1,229,104
1	1,970,001	1,975,000	1,973,245
1427			22,660,126

Sr.#	Categories of Shareholders	Numbers	Shares Held	Percentage
1	Insurance Companies	1	212,000	0.94
2	Joint Stock Companies	20	1,362,468	6.01
3	Individuals	1383	19,254,187	84.97
4	Mutual Fund	2	1,062,052	4.69
5	Others	8	151,118	0.67
6	Financial Institutions	9	612,570	2.70
7	Investment Companies	4	5,731	0.03
	Grand Total	1,427	22,660,126	100.00

Crescent Cotton Mills Limited
Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2019 For the year ended 30 June 2023

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

1. The total number of directors are Seven (7) as per the following.
 - a. Male: 5 (Five)
 - b. Female: 2 (Two)
2. The composition of the Board of Directors (“the Board”) is as follows:

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

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 ensured that complete record of particulars of 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. Five of the seven board members have either completed directors' training programme or are exempt due to the criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies;
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:
- a) Audit Committee
- | | |
|------------------|------------|
| Mr. Salman Rafi | (Chairman) |
| Mr. Adnan Amjad | (Member) |
| Mr. Taimur Amjad | (Member) |
- b) HR and Remuneration Committee
- | | |
|---------------------|---------------|
| Mrs. Shameen Azfar | (Chairperson) |
| Mr. Adnan Amjad | (Member) |
| Miss. Nazish Arshad | (Member) |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the aforesaid committees were as per following:
- a) Audit Committee: Four meetings during the financial year ended 30 June, 2023.
- b) HR and Remuneration Committee: One meeting during the financial year ended 30 June, 2023.
15. The Board has outsourced the internal audit function to RSM Avais Hyde Liaquat Nauman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with, except for the independent directors for which Board of Directors is of the view that considering the volume of business, independent directors should not be more than two as required by these Regulations. Hence, the fraction of independent directors has not been rounded up.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

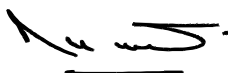
Sr No.	Requirement	Explanation for Non-compliance	Reg. No.
1	Qualification of Company Secretary: The same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company.	The Company is in the process of hiring the suitable individual for the company secretary.	24
2	Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee (NC) of such number and class of directors, as it may deem appropriate in its circumstances.	Currently the Board has not constituted a separate NC and the functions are being performed by the HR Remuneration and committee.	29(1)
3	Risk Management Committee: The Board may constitute the Risk Management Committee (RMC), of such number and class of directors, as it may deem appropriate in its circumstances, to carry out review of effectiveness of risk management procedures and present a report to the Board.	Currently the Board has not constituted the RMC and the Company's Risk Manager performs the requisite functions and apprises the Board accordingly.	30(1)
4	Directors' Training for directors: By June 30, 2022, all the directors on the Board have participated in directors training program.	Directors' Training Program for its remaining two directors has been planned by the Company to arrange in next year.	19(1)(iii)
5	Directors' Training for Head of Department: Companies are encouraged to arrange training for at least one head of department every year under the Directors' Training program from July 2022.	Directors' Training Program has been planned by the Company to arrange in next year, for at least one head of department.	19(3)(ii)

For and on behalf of the Board of Directors



CHAIRMAN

Faisalabad
September 30, 2023



CHIEF EXECUTIVE OFFICER

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of Crescent Cotton Mills Limited****Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Crescent Cotton Mills Limited (the Company) for the year ended 30 June 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 30 June 2023..

RIAZ AHMAD & COMPANY
Chartered Accountants



Faisalabad

October 06, 2023

UDIN: CR202310158rIZTbPuX9

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

Opinion

We have audited the annexed financial statements of Crescent Cotton Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Inventory existence and valuation</p> <p>As at 30 June 2023, Inventories are stated at Rupees 708.713 million, break up of which is as follows:</p> <ul style="list-style-type: none"> - Stores, spare parts and loose tools of Rupees 72.557 million - Stock-in-trade of Rupees 636.156 million <p>Inventories are stated at lower of cost and net realizable value.</p>	<p>Our procedures over existence and valuation of inventories included, but were not limited to:</p> <ul style="list-style-type: none"> • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management.

<p>We identified existence and valuation of inventories as a key audit matter due to their size, representing 8.63% of the total assets of the Company as at 30 June 2023, and the judgment involved in valuation.</p> <p>For further information on inventories, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Inventories (Note 2.11 to the financial statements). - Stores, spare parts and loose tools (Note 20) and Stock-in-trade (Note 21) to the financial statements. 	<ul style="list-style-type: none"> • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. • We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. • We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements.
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2.	<p>Revenue recognition</p> <p>Revenue recognition</p> <p>The Company recognized net revenue of Rupees 6,386.209 million for the year ended 30 June 2023.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information on revenue recognition, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.13 to the financial statements). - Revenue from contracts with customers (Note 27 to the financial statements). 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year- end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the financial statements.
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Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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 Mubashar Mehmood.

RIAZ AHMAD & COMPANY
Chartered Accountants

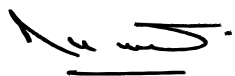
Faisalabad
October 06, 2023

UDIN: AR202310158Eu2yf69Iz

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

EQUITY AND LIABILITIES	NOTE	2023	2022
(RUPEES IN THOUSAND)			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
30 000 000 (2022: 30 000 000) ordinary shares of Rupees 10 each		<u>300,000</u>	<u>300,000</u>
Issued, subscribed and paid up share capital	3	226,601	226,601
Reserves			
Capital reserves			
Premium on issue of shares reserve	4	5,496	5,496
Plant modernization reserve		12,000	12,000
Fair value reserve	5	62,957	86,738
Surplus on revaluation of freehold land and investment properties	6	4,926,217	4,283,308
		<u>5,006,670</u>	<u>4,387,542</u>
Revenue reserves	7	868,814	759,843
Total reserves		<u>5,875,484</u>	<u>5,147,385</u>
TOTAL EQUITY		<u>6,102,085</u>	<u>5,373,986</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	8	54,493	110,989
Staff retirement gratuity	9	98,386	160,669
		<u>152,879</u>	<u>271,658</u>
CURRENT LIABILITIES			
Trade and other payables	10	1,173,209	815,369
Unclaimed dividend		4,177	3,970
Accrued mark-up	11	18,541	20,236
Short term borrowings	12	560,605	674,053
Current portion of non-current liabilities	13	119,785	153,927
Provision for taxation		79,750	80,263
		<u>1,956,067</u>	<u>1,747,818</u>
TOTAL LIABILITIES		<u>2,108,946</u>	<u>2,019,476</u>
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		<u>8,211,031</u>	<u>7,393,462</u>

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



CHIEF EXECUTIVE OFFICER

ASSETS	NOTE	2023	2022
(RUPEES IN THOUSAND)			
NON-CURRENT ASSETS			
Property, plant and equipment	15	5,619,469	5,052,394
Investment properties	16	292,263	260,018
Long term investments	17	8,264	9,326
Long term deposits		3,383	3,383
Long term advances	18	124	156
Deferred income tax asset	19	52,217	44,667
		5,975,720	5,369,944
CURRENT ASSETS			
Stores, spare parts and loose tools	20	72,557	74,982
Stock-in-trade	21	636,156	657,889
Trade debts	22	477,143	513,765
Loans, advances and prepayments	23	54,932	46,092
Other receivables	24	569,003	329,244
Income tax		244,513	201,597
Short term investments	25	131,369	156,312
Cash and bank balances	26	49,638	43,637
		2,235,311	2,023,518
TOTAL ASSETS		8,211,031	7,393,462



DIRECTOR

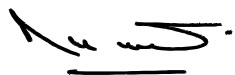


CHIEF FINANCIAL OFFICER

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

	NOTE	2023 (RUPEES IN THOUSAND)	2022
REVENUE FROM CONTRACTS WITH CUSTOMERS	27	5,922,209	7,115,273
COST OF SALES	28	(5,454,058)	(6,388,941)
GROSS PROFIT		468,151	726,332
DISTRIBUTION COST	29	(61,301)	(129,579)
ADMINISTRATIVE EXPENSES	30	(225,173)	(198,570)
OTHER EXPENSES	31	(13,877)	(36,380)
OTHER INCOME	32	128,951	69,809
FINANCE COST	33	(109,798)	(99,133)
PROFIT BEFORE TAXATION		186,953	332,479
TAXATION	34	(72,168)	(83,475)
PROFIT AFTER TAXATION		114,785	249,004
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	35	5.07	10.99

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

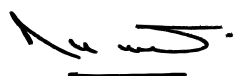


CHIEF FINANCIAL OFFICER

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

	2023	2022
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	114,785	249,004
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Experience adjustment on defined benefit plan	14,809	(5,447)
Deferred income tax related to experience adjustment	(3,628)	1,501
	11,181	(3,946)
Surplus on revaluation of freehold land	642,909	146,597
Deficit arising on remeasurement of investments at fair value through other comprehensive income	(26,005)	(38,406)
Deferred income tax relating to investments at fair value through other comprehensive income	2,224	(2,892)
	(23,781)	(41,298)
	630,309	101,353
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year - net of tax	630,309	101,353
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	745,094	350,357

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

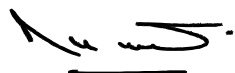


CHIEF FINANCIAL OFFICER

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023	2022
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES	36		
Cash generated from / (used in) operations		552,502	(27,567)
Finance cost paid		(111,253)	(90,342)
Income tax paid		(124,551)	(82,302)
Staff retirement gratuity paid		(90,996)	(32,657)
Net decrease / (increase) in long term advances		32	(41)
Net cash generated from / (used in) operating activities		225,734	(232,909)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(4,148)	(57,286)
Short term investment acquired		-	(16,399)
Proceeds from sale of property, plant and equipment		2,359	6,322
Proceeds from sale of investments		-	3,081
Net cash used in investing activities		(1,789)	(64,282)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(87,708)	(116,979)
Proceeds from long term financing		-	9,742
Short term borrowings - net		(113,448)	305,349
Dividend paid		(16,788)	(1)
Net cash (used in) / from financing activities		(217,944)	198,111
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		6,001	(99,080)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		43,637	142,717
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 26)		49,638	43,637

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. THE COMPANY AND ITS OPERATIONS

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

1.1 Geographical location and addresses of all business units of the Company except for the registered office as mentioned above are as follows:

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

* The Company was previously operating an embroidery unit. However, following the resolution of Board of Directors (BOD) in its 193rd meeting dated 28 October 2022, it was decided to dispose of all assets of the embroidery unit.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention except otherwise specified in the respective accounting policies.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairment

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

Inventories

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

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Recovery of deferred tax assets

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

Provisions

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

Contingencies

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

Allowance for Expected Credit Losses

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

Revenue from contracts with customers involving sale of goods

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

Employees retirement benefit

Certain actuarial assumptions have been adopted as disclosed in Note 9.3 to the financial statements for determination of present value of defined benefit obligation. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years

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

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2022:

- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use'
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Cost of Fulfilling a Contract amends IAS 1 'Presentation of Financial Statements'
- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'

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

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

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

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

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2023 or later periods:

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

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

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

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

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 01 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 01 January 2024.

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

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

There are other standards and amendments to published approved standards that are mandatory for accounting periods beginning on or after 01 July 2023 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

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

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

2.3 Employees' retirement benefit

The Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The liabilities relating to defined benefit plan are determined through actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2023. The method involves making assumptions about discount rates, future salary increases and mortality rates. Significant assumptions used to carry out the actuarial valuation have been disclosed in Note 9.3 to these financial statements.

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

2.4 Government grants

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

2.5 Dividend and other appropriations

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

2.6 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or alternate corporate tax, whichever is higher in accordance with the provisions of Income Tax Ordinance, 2001.

Deferred

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

As the provision for taxation is made partially under the normal basis and partially under the final tax regime, therefore the deferred tax liability has been recognized on a proportionate basis in accordance with Technical Release (TR) 27, issued by The Institute of Chartered Accountants of Pakistan.

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

2.7 Property, plant, equipment and depreciation

Operating fixed assets

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

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

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

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

b) Depreciation

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

c) De-recognition

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

2.8 Investment properties

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

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

2.9 Financial Instruments

i) Classification and measurement of financial instruments

Investments and other financial assets

a) Classification

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

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

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

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

b) Measurement

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

Debt instruments

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

Amortized cost

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

Equity instruments

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

Fair Value Through Other Comprehensive Income (FVTOCI)

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

Financial liabilities

Classification and measurement

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

ii) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

iii) **De-recognition of financial assets and financial liabilities**

a) **Financial assets**

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

b) **Financial liabilities**

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

iv) **Offsetting of financial assets and liabilities**

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

2.10 **Investment in subsidiary company**

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

2.11 **Inventories**

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

Stores, spare parts and loose tools

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

Stock-in-trade

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

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

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

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

2.12 **Cash and cash equivalents**

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

2.13 Revenue from contracts with customers

i) Revenue recognition

Sale of goods

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

Rendering of services

The Company provides textile related services to local customers. These services are sold separately and the Company's contract with the customers for services constitute a single performance obligation. Revenue from services is recognized at the point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Company's contracts with customers.

Rent

Rent revenue from investment properties is recognized on a straight line basis over the lease term. Contingent rentals are recognized as income in the period when earned.

Dividend

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

Other revenue

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

ii) Contract assets

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

iii) Right of return assets

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

iv) Contract liabilities

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

2.14 Borrowings

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

2.15 Trade debts and other receivables

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

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

2.16 Share capital

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

2.17 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost. These are subsequently measured at amortized cost using the effective interest method.

2.18 Borrowing cost

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

2.19 Impairment of non-financial assets

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

2.20 Provisions

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

2.21 Segment reporting

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

Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated. Transactions among the business segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

The Company had two reportable business segments: Textiles and Trading. However, the Company has decided to eliminate Trading segment due to curtailing the trading activities and hence, the minimum threshold as defined in IFRS 8 'Operating Segments' cannot be met anymore.

2.22 Earnings per share

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

2.23 Contingent assets

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

2.24 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation which arises from past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or there is a present 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. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2023 (NUMBER OF SHARES)		2022 (NUMBER OF SHARES)		2023 (RUPEES IN THOUSAND)		2022 (RUPEES IN THOUSAND)	
5 509 767	5 509 767	Ordinary shares of Rupees 10 each fully paid up in cash		55,098	55,098		
16 992 345	16 992 345	Ordinary shares of Rupees 10 each issued as fully paid up bonus shares		169,923	169,923		
158 014	158 014	Ordinary shares of Rupees 10 each fully paid up, issued to a financial institution against its right of option for conversion of debentures pursuant to a loan agreement		1,580	1,580		
<u>22 660 126</u>	<u>22 660 126</u>			<u>226,601</u>	<u>226,601</u>		

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

	2023 (NUMBER OF SHARES)	2022 (NUMBER OF SHARES)
Premier Insurance Limited	<u>212 000</u>	<u>212 000</u>

4. PREMIUM ON ISSUE OF SHARES RESERVE

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

5. FAIR VALUE RESERVE

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

	2023	2022
	(RUPEES IN THOUSAND)	
Balance as on 01 July	86,738	129,771
Add: Deferred income tax relating to equity investments	<u>2,224</u>	<u>-</u>
	88,962	129,771
Less:		
Fair value adjustment during the year	26,005	38,406
Deferred income tax relating to equity investments	-	2,892
Gain realized on disposal of equity investments	-	1,735
	26,005	43,033
Balance as on 30 June	<u>62,957</u>	<u>86,738</u>

6. SURPLUS ON REVALUATION OF FREEHOLD LAND AND INVESTMENT PROPERTIES

Freehold land (Note 6.1)	4,813,078	4,170,169
Investment properties	113,139	113,139
	<u>4,926,217</u>	<u>4,283,308</u>

6.1 Surplus on revaluation of freehold land

Balance as on 01 July	4,170,169	4,023,572
Surplus on revaluation of freehold land (Note 15.1)	642,909	146,597
Balance as on 30 June	<u>4,813,078</u>	<u>4,170,169</u>

6.1.1 This represents surplus resulting from revaluation of freehold land carried out on 19 June 2023 by independent valuer Messrs Evaluation Focused Consulting. The valuation was determined with respect to the present market value of similar properties. Previously revaluation was carried out in June 2022, June 2019, June 2016, June 2015 and March 2010 by independent valuers.

7. REVENUE RESERVE

General reserve	100,988	100,988
Unappropriated profit	767,826	658,855
	<u>868,814</u>	<u>759,843</u>

8. LONG TERM FINANCING

From banking company - secured

Long term loans (Note 8.1)	115,261	202,671
Less: Current portion shown under current liabilities (Note 13)	60,768	91,682
	<u>54,493</u>	<u>110,989</u>

8.1 Long Term Loans

LENDER	2023	2022	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	INTEREST REPRICING	SECURITY
(RUPEES IN THOUSAND)							
National Bank of Pakistan	31,450	73,384	3 Month KIBOR+3%	Twenty equal quarterly installments starting from 26 April 2018 and ending on 26 January 2024	Quarterly	Quarterly	First charge of Rupees 280 million over the fixed assets of the Company at 45 Km, Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur and personal guarantee of Chief Executive Officer, Director and Executive of the Company.
National Bank of Pakistan	42,790	53,310	6%	These are different loans repayable in twenty seven to twenty eight equal quarterly installments starting from 30 June 2020 and ending on 21 April 2027	Quarterly	-	First charge of Rupees 107 million over entire fixed assets of the Company at Spinning Unit No. 1 and 2 and personal guarantee of Chief Executive Officer, Director and Executive of the Company.
National Bank of Pakistan - Loans under SBP Refinance Scheme (Note 8.1.1)	-	24,701	SBP rate +3%	These facilities were fully repaid on 03 November 2022	Quarterly	-	First charge of Rupees 134 million over fixed assets of the Company at Nishatabad, Faisalabad and personal guarantee of Chief Executive Officer, Director and Executive of the Company.
National Bank of Pakistan	41,021	51,276	3 Month KIBOR+2.5%	Nineteen equal quarterly installments starting from 30 September 2021 and ending on 30 March 2026	Quarterly	Quarterly	First specific / exclusive charge for Rupees 87 million over plant and machinery i.e. solar panel system of the Company installed at Unit No. 4 located at 45 Km, Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur and personal guarantee of Chief Executive Officer, Director and Executive of the Company.
	115,261	202,671					

8.1.1 Loans under these term finance facilities were obtained by the Company under SBP Refinance Scheme for payment of salaries and wages. These were recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment was recognized at discount rates ranging from 9.64% to 10.09% per annum.

2023 2022
(RUPEES IN THOUSAND)

9. STAFF RETIREMENT GRATUITY

The actuarial valuation of the staff retirement gratuity was conducted on 30 June 2023 using Projected Unit Credit Method.

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

Opening balance	160,669	141,054
Add:		
Provision for the year (Note 9.2)	52,032	46,825
Experience adjustment recognized in other comprehensive income	(14,809)	5,447
	197,892	193,326
Less:		
Paid during the year	(90,996)	(32,657)
Liability transferred to current liability	(8,510)	-
	(99,506)	(32,657)
Closing balance	98,386	160,669

9.1 Movements in the present value of staff retirement gratuity

Opening balance	160,669	141,054
Current service cost	36,772	34,353
Interest expense	15,260	12,472
Payments made during the year	(90,996)	(32,657)
Experience adjustment recognized in other comprehensive income	(14,809)	5,447
Benefits due but not yet paid	(8,510)	-
Closing balance	98,386	160,669

9.2 Provision for the year

Current service cost	36,772	34,353
Interest expense	15,260	12,472
	52,032	46,825

9.3 Significant actuarial assumptions used

	2023	2022
Discount rate to determine defined benefit cost (per annum)	13.25%	10.00%
Expected rate of increase in salary to determine defined benefit cost (per annum)	12.25%	9.00%
Discount rate to determine defined benefit obligation (per annum)	16.25%	13.25%
Expected rate of increase in salary to determine defined benefit obligation (per annum)	15.25%	12.25%
Average duration of the benefit (years)	7	7
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rate	Age based	Age based
Retirement assumption	Age60	Age60

9.4 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2024 are Rupees 28.501 million.

9.5 Sensitivity analysis for actuarial assumptions:

The sensitivity of the staff retirement gratuity as at reporting date to changes in the weighted principal assumption is:

	2023	2022
Discount rate		1.00%
Increase in assumption (Rupees in thousand)		(19,237)
Decrease in assumption (Rupees in thousand)		1,296
Future salary increase		1.00%
Increase in assumption (Rupees in thousand)		1,483
Decrease in assumption (Rupees in thousand)		(19,608)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year except for certain changes as given in Note 9.3.

9.6 Risks associated with defined benefit plan

Discount rate risk

The risk of changes in discount rate may have an impact on the defined benefit plan. Any increase in discount rate will reduce the liability and vice versa.

Salary increase / inflation risk

The increase in salary in future years being higher than assumed will increase the liability.

Mortality risk

Any increase in the mortality rates being assumed will increase the liability.

Withdrawal risk

Any difference in the assumed withdrawal rates will have a corresponding impact on the liability depending on the benefits payable on withdrawal.

	2023	2022
	(RUPEES IN THOUSAND)	
10. TRADE AND OTHER PAYABLES		
Creditors (Note 10.1)	301,914	283,275
Accrued and other liabilities (Note 10.2)	487,180	343,997
Contract liabilities - unsecured	308,699	135,061
Income tax deducted at source	11,592	11,452
Sales tax payable	43,102	11,923
Workers' profit participation fund (Note 10.3)	6,613	17,656
Workers' welfare fund (Note 10.4)	14,109	12,005
	<u>1,173,209</u>	<u>815,369</u>
10.1 These include Rupees 0.096 million (2022: Rupees Nil) due to Crescot Mills Limited, the subsidiary company.		
10.2 These include amounts due to following related parties:		
Crescot Mills Limited - subsidiary company	1,089	1,095
Premier Insurance Limited - associated company	1,930	-
Riaz and Company (1962, Private) Limited - associated company	67	-
	<u>3,086</u>	<u>1,095</u>
10.3 Workers' profit participation fund		
Balance as on 01 July	17,656	21,509
Add:		
Provision for the year (Note 31)	6,613	17,656
Interest for the year (Note 33)	1,175	1,535
	<u>25,444</u>	<u>40,700</u>
Less: Payments during the year	18,831	23,044
Balance as on 30 June	<u>6,613</u>	<u>17,656</u>

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

	2023	2022
	(RUPEES IN THOUSAND)	
10.4 Workers' welfare fund		
Balance as on 01 July	12,005	7,046
Add: Provision for the year (Note 31)	3,815	4,959
	15,820	12,005
Less: Payment during the year	1,711	-
Balance as on 30 June	14,109	12,005
11. ACCRUED MARK-UP		
Long term financing	5,470	6,023
Short term borrowings	13,071	14,213
	18,541	20,236
12. SHORT TERM BORROWINGS		
From banking company - secured		
Cash finances (Note 12.1)	259,788	328,223
Others - unsecured		
Other related parties (Note 12.2)	300,817	281,757
Temporary book overdrawn	-	64,073
	300,817	345,830
	560,605	674,053
12.1 These form part of total credit facility of Rupees 1,050 million (2022: Rupees 1,250 million) and carries mark-up at the rates of 1 month KIBOR plus 2.5 percent (2022: 1 month KIBOR plus 2 percent and 3 month KIBOR plus 2 percent) per annum. These are secured against charge, pledge and hypothecation over fixed and current assets of the Company and personal guarantee of Chief Executive Officer, Director and certain executives. The rate of mark-up ranges from 17.16 percent to 24.50 percent (2022: 3 percent to 17.32 percent) per annum during the year on the balances outstanding.		
12.2 These represent interest free loans obtained from Chief Executive Officer, Directors and certain executives of the Company to meet the Company's working capital requirements. These are repayable on demand.		
13. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Current portion of long term financing (Note 8)	60,768	91,682
Current portion of deferred income - Government grant (Note 13.1)	-	298
Current portion of GIDC payable (Note 13.2)	59,017	61,947
	119,785	153,927

2023 2022
(RUPEES IN THOUSAND)

13.1 Current portion of deferred income - Government grant

Balance as on 01 July	298	3,159
Less: Amortization during the year (Note 32)	298	2,861
	-	298
	-	298

13.2 Current Portion of Gas Infrastructure Development Cess (GIDC) payable

Balance as on 01 July	61,947	77,193
Add: Unwinding of discount on GIDC payable (Note 33)	58	2,683
Less: Payments made during the year	2,988	17,929
	59,017	61,947
	59,017	61,947

13.2.1 This represents Gas Infrastructure Development Cess (GIDC) which was levied through GIDC Act, 2015. On 13 August 2020, Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. The Company along with other industrial gas consumers has obtained interim relief from Lahore High Court, Lahore against the charge of GIDC at the rate of captive power consumer instead of industrial consumer. This liability was recognized at amortized cost in accordance with IFRS 9 'Financial Instruments' by using effective interest rate of 9.16% per annum.

13.2.2 This amount is exclusive of GIDC amounting to Rupees 70.869 million, related to Spinning Unit No. 3 of the Company which was sold during the year ended 30 June 2021 and as per the agreement, its liabilities were taken over by the new owner of the property. However, the provision of this amount has been included in 'trade and other payables' which will be written back after the confirmation of Sui Northern Gas Pipelines Limited (SNGPL) regarding transfer of liability of GIDC.

14. CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) Certain additions have been made by the assessing officers in tax years 2006 and 2010 on various grounds and have created demand of Rupees 3.700 million (2022: Rupees 5.635 million). The Company, being aggrieved, has filed appeals with Lahore High Court, Lahore, which are still pending. Dates of the institution of above mentioned appeals were 05 September 2016 and 29 November 2014 respectively. No provision has been made in these financial statements against the aforesaid demand as the management is hopeful for positive outcome of the appeals filed by the Company.

ii) The Company filed a suit against Crescent Fibres Limited (CFL) for the recovery of Rupees 23.000 million (2022: Rupees 23.000 million) along with mark-up in Civil Court, Lahore. CFL filed an application seeking rejection of the suit but the said application was dismissed by Civil Court, Lahore. Against this rejection, CFL filed civil revision petition before Lahore High Court, Lahore on 08 October 2016 and under order of Lahore High Court, Lahore, the proceedings before Civil Court, Lahore were stayed. No provision against this receivable has been made in these financial statements as the management is hopeful that the case will be decided in favour of the Company and all the outstanding dues will be recovered.

iii) The Company has filed a suit in Lahore High Court, Lahore dated 15 October 2018 against the levy of cotton cess. However the related provision of Rupees 1.696 million (2022: Rupees 1.696 million) is not accounted for in these financial statements as the management is hopeful that the case will be decided in the favour of the Company.

iv) Cheques of Rupees 32.485 million (2022: Rupees 32.485 million) are issued to Nazir of The High Court of Sindh, Karachi as security against impugned gas rate difference suit, related to Spinning Unit No. 3 of the Company which was sold during the financial year ended 30 June 2021. If the outcome of the suit comes against the Company, cheques issued as security shall be encashable.

v) Guarantees of Rupees 62.864 million (2022: Rupees 74.998 million) are given by the banks of the Company to SNGPL and Lahore Electric Supply Company Limited against gas and electricity connections respectively.

b) Commitments

i) There was no commitment for capital expenditure as at 30 June 2023 (2022: Rupees Nil).

ii) Letters of credit other than for capital expenditure are of Rupees Nil (2022: Rupees 133.276 million).

	2023	2022
	(RUPEES IN THOUSAND)	
15. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 15.1)	5,619,469	5,051,753
Capital work-in-progress (Note 15.2)	-	641
	<u>5,619,469</u>	<u>5,052,394</u>

15. Operating fixed assets

	Freehold land	Buildings and Roads	Plant and machinery	Stand-by equipment	Electric installations	Tools and equipment	Furniture & fixtures	Vehicles	Office equipment	Service equipment	Total
(RUPEES IN THOUSAND)											
At 30 June 2021											
Cost / revalued amount	4,116,781	256,084	1,005,138	183,551	65,628	19,658	13,618	25,019	13,215	1,105	5,699,797
Accumulated depreciation	-	(147,262)	(512,005)	(84,470)	(32,068)	(13,571)	(9,716)	(15,957)	(12,578)	(1,051)	(828,678)
Net book value	<u>4,116,781</u>	<u>108,822</u>	<u>493,133</u>	<u>99,081</u>	<u>33,560</u>	<u>6,087</u>	<u>3,902</u>	<u>9,062</u>	<u>637</u>	<u>54</u>	<u>4,871,119</u>
Year ended 30 June 2022											
Opening net book value	4,116,781	108,822	493,133	99,081	33,560	6,087	3,902	9,062	637	54	4,871,119
Revaluation surplus	146,597	-	-	-	-	-	-	-	-	-	146,597
Additions / transfer	-	-	48,361	68,940	691	-	1,348	2,369	-	-	121,709
Disposals:											
Cost	-	-	-	-	-	-	-	(8,223)	-	-	(8,223)
Accumulated depreciation	-	-	-	-	-	-	-	5,590	-	-	5,590
Depreciation charge for the year	-	(10,640)	(52,069)	(15,659)	(3,408)	(609)	(432)	(1,888)	(318)	(16)	(85,039)
Closing net book value	<u>4,263,378</u>	<u>98,182</u>	<u>489,425</u>	<u>152,362</u>	<u>30,843</u>	<u>5,478</u>	<u>4,818</u>	<u>6,910</u>	<u>319</u>	<u>38</u>	<u>5,051,753</u>
At 30 June 2022											
Cost / revalued amount	4,263,378	256,084	1,053,499	252,491	66,319	19,658	14,966	19,165	13,215	1,105	5,959,880
Accumulated depreciation	-	(157,902)	(564,074)	(100,129)	(35,476)	(14,180)	(10,148)	(12,255)	(12,896)	(1,067)	(908,127)
Net book value	<u>4,263,378</u>	<u>98,182</u>	<u>489,425</u>	<u>152,362</u>	<u>30,843</u>	<u>5,478</u>	<u>4,818</u>	<u>6,910</u>	<u>319</u>	<u>38</u>	<u>5,051,753</u>
Year ended 30 June 2023											
Opening net book value	4,263,378	98,182	489,425	152,362	30,843	5,478	4,818	6,910	319	38	5,051,753
Revaluation surplus (Note 6.1)	642,909	-	-	-	-	-	-	-	-	-	642,909
Additions	-	-	-	-	-	-	-	4,789	-	-	4,789
Disposals:											
Cost	-	-	(15,882)	-	-	-	-	(1,564)	-	-	(17,446)
Accumulated depreciation	-	-	15,679	-	-	-	-	1,430	-	-	17,109
Depreciation charge for the year	-	(9,588)	(49,049)	(15,236)	(3,084)	(549)	(482)	(1,486)	(160)	(11)	(79,645)
Closing net book value	<u>4,906,287</u>	<u>88,594</u>	<u>440,173</u>	<u>137,126</u>	<u>27,759</u>	<u>4,929</u>	<u>4,336</u>	<u>10,079</u>	<u>159</u>	<u>27</u>	<u>5,619,469</u>
At 30 June 2023											
Cost / revalued amount	4,906,287	256,084	1,037,617	252,491	66,319	19,658	14,966	22,390	13,215	1,105	6,590,132
Accumulated depreciation	-	(167,490)	(597,444)	(115,365)	(38,560)	(14,729)	(10,630)	(12,311)	(13,056)	(1,078)	(970,663)
Net book value	<u>4,906,287</u>	<u>88,594</u>	<u>440,173</u>	<u>137,126</u>	<u>27,759</u>	<u>4,929</u>	<u>4,336</u>	<u>10,079</u>	<u>159</u>	<u>27</u>	<u>5,619,469</u>
Depreciation rate per annum (%)	-	5, 10	10, 15	10	10	10, 12	10	20	50	10, 25, 50	

15.1.1 The book value of freehold land on cost basis is Rupees 93.209 million (2022: Rupees 93.209 million).

15.1.2 Forced sale value of freehold land as at 30 June 2023 was Rupees 4,170.344 million.

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

	2023 (RUPEES IN THOUSAND)	2022
Cost of sales (Note 28)	77,517	81,891
Administrative expenses (Note 30)	2,128	3,148
	<u>79,645</u>	<u>85,039</u>

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

Particulars	Location	Area of land	Covered Area of
		Acers	Sq. Ft.
Head office and manufacturing facility of embroidery	New Lahore Road, Nishatabad, Faisalabad, Punjab	86.58	80 214
Manufacturing facility of Spinning and Hosiery	Chak No. 44 R.B., Kotla Kahlawan, Tehsil Shahkot, District Nankana Sahib, Punjab	44.74	381 863
Manufacturing facility of Spinning	45-Km Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab	12.29	178 417

15.1.5 During the year, area of land and covered area of building of certain properties have been reassessed by the Company and disclosed accordingly.

15.2 Capital work-in-progress

	2023				2022			
	Balance as at 01 July 2021	Adjustment	Transfer to operating fixed assets	Balance as at 30 June 2023	Balance as at 01 July 2021	Additions	Transfer to operating fixed assets	Balance as at 30 June 2022
Buildings and roads	641	(641)	-	-	641	-	-	641
Plant and machinery	-	-	-	-	6,926	41,435	(48,361)	-
Vehicles	-	-	-	-	2,290	79	(2,369)	-
Stand-by equipment	-	-	-	-	55,207	13,733	(68,940)	-
	641	(641)	-	-	65,064	55,247	(119,670)	641

2023 2022
(RUPEES IN THOUSAND)

16. INVESTMENT PROPERTIES

Balance as on 01 July	260,018	267,729
Add: Fair value gain during the year (Note 33)	32,245	-
Less: Fair value loss during the year	-	7,711
Balance as on 30 June	<u>292,263</u>	<u>260,018</u>

16.1 The fair value of investment properties comprising freehold land and buildings thereon at Nishatabad, Faisalabad has been determined on 21 June 2023 by Messrs Evaluation Focused Consulting, an independent valuer. No expenses directly related to investment properties were incurred during the year.

16.2 Forced sale value of investment properties as on the reporting date is Rupees 248.424 million (2022: Rupees 221.015 million).

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

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

17 LONG TERM INVESTMENTS

Subsidiary company - unquoted

Crescot Mills Limited

1 932 187 (2022: 1 932 187) ordinary shares of Rupees 10 each fully paid. Equity held 66.15% (2022: 66.15%)

- -

At fair value through other comprehensive income

Associated companies - quoted

Premier Insurance Limited

303 384 (2022: 303 384) ordinary shares of Rupees 10 each fully paid. Equity held 0.60% (2022: 0.60%)

75 75

Jubilee Spinning and Weaving Mills Limited

474 323 (2022: 474 323) ordinary shares of Rupees 10 each fully paid. Equity held 1.46% (2022: 1.46%)

427 427

Others

Quoted

Crescent Jute Products Limited

201 933 (2022: 201 933) ordinary shares of Rupees 10 each fully paid. Equity held 0.85% (2022: 0.85%)

- -

2023 **2022**
(RUPEES IN THOUSAND)

Crescent Fibres Limited 71 820 (2022: 71 820) ordinary shares of Rupees 10 each fully paid. Equity held 0.58% (2022: 0.58%)	615	615
Security Papers Limited 522 (2022: 522) ordinary shares of Rupees 10 each fully paid.	1	1
Unquoted		
Premier Financial Services (Private) Limited 2 500 (2022: Nil) ordinary shares of Rupees 1,000 each fully paid. Equity held 11.11% (2022: Nil)	2,500	2,500
Crescent Modaraba Management Company Limited 119 480 (2022: 119 480) ordinary shares of Rupees 10 each fully paid. Equity held 6.52% (2022: 6.52%)	284	284
Crescent Bahuman Limited 1 043 988 (2022: 1 043 988) ordinary shares of Rupees 10 each fully paid. Equity held 0.77% (2022: 0.77%)	-	-
Crescent Spinning Mills Limited 696 000 (2022: 696 000) ordinary shares of Rupees 10 each fully paid. Equity held 4.59% (2022: 4.59%)	-	-
	3,902	3,902
Add: Fair value adjustment	4,362	5,424
	8,264	9,326

18 LONG TERM ADVANCES

Considered good:

Employees	430	718
Less: Current portion shown under current assets (Note 23)	306	562
	124	156

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

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

2023 **2022**
(RUPEES IN THOUSAND)

19. DEFERRED INCOME TAX ASSET

Taxable temporary differences

Accelerated tax depreciation	(89,946)	(104,541)
Fair value reserve of investments	-	(2,224)
	(89,946)	(106,765)

Deductible temporary differences

Unused tax losses and minimum tax	96,781	84,556
Deferred income - Government grant	-	82
Provision for GIDC	14,957	17,068
Provision for gratuity	24,103	44,268
Provision for doubtful receivables	6,322	5,458
	142,163	151,432
	52,217	44,667

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

Opening balance	44,667	47,304
(Less) / add:		
- accelerated tax depreciation	14,595	(3,228)
- provision for gratuity	(20,165)	6,376
- provision for GIDC	(2,111)	(3,669)
- deferred income - Government grant	(82)	(767)
- provision for doubtful receivables	864	1,040
- fair value reserve of investments	2,224	(2,881)
- unused tax losses and minimum tax	12,225	492
Net movement of temporary differences (Note 19.1.1)	7,550	(2,637)
Closing balance	52,217	44,667

2023 2022
 (RUPEES IN THOUSAND)

19.1.1 Charged to the statement of profit or loss:

Net movement of temporary differences (Note 19.1)	(7,550)	2,637
Recognised in statement of other comprehensive income:		
- experience adjustment on gratuity	(3,628)	1,501
- remeasurement of investments at FVTOCI	2,224	(2,892)
	(1,404)	(1,391)
Charged to the statement of profit or loss (Note 34)	(8,954)	1,246

19.1.2 Deductible temporary differences are considered to the extent that the realization of related tax benefits is probable from reversals of existing taxable temporary differences and future taxable profits.

20. STORES, SPARE PARTS AND LOOSE TOOLS

Stores	27,001	34,587
Spare parts	45,297	40,311
Loose tools	259	84
	72,557	74,982

21. STOCK-IN-TRADE

Raw materials (Note 21.1 and Note 21.2)	229,139	316,768
Work-in-process	66,011	77,012
Finished goods (Note 21.3)	336,079	263,192
Waste	4,927	917
	636,156	657,889

21.1 These include stock in transit of Rupees Nil (2022: Rupees 26.489 million).

21.2 These include stock of Rupees 48.478 million (2022: Rupees Nil) sent to outside parties for conversion.

21.3 These include stock of Rupees 35.377 million (2022: Rupees 91.550 million) sent to outside parties for processing.

22. TRADE DEBTS

Considered good:

Unsecured	481,759	518,837
Less: Allowance for expected credit losses (Note 22.4)	4,616	5,072
	477,143	513,765

2022 **2021**
(RUPEES IN THOUSAND)

22.1 As at 30 June 2023, trade debts of Rupees 146.540 million (2022: Rupees 352.557 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

Upto 1 month	79,278	120,851
1 to 6 months	46,169	181,022
More than 6 months	21,093	50,684
	146,540	352,557

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

Algeria	-	24,256
Czech Republic	-	18,904
Ghana	64,459	60,528
Hong Kong	-	11,210
Pakistan	268,909	320,130
Spain	33,368	62,708
United Kingdom	92,870	-
United States of America	17,537	16,029
	477,143	513,765

22.3 Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 15 to 60 days from delivery in case of local sales, and 30 to 120 days in case of export sales.

22.4 Allowance for expected credit losses

Balance as at 01 July	5,072	3,475
Add: Recognized during the year	-	2,439
	5,072	5,914
Recovered during the year (Note 32)		
	456	(842)
	4,616	5,072

23. LOANS AND ADVANCES

Considered good:

Employees - interest free:	5,311	4,256
Against expenses	882	398
Against salary	6,193	4,654
	306	562
Current portion of long term advances (Note 18)	51,225	41,596
Advances to suppliers / contractors / service providers (Note 23.1)	-	364
Letters of credit	2,424	1,891
Prepayments	60,148	49,067
	5,216	2,975
Less: Provision for doubtful loans and advances (Note 23.3)	54,932	46,092

23.1	This include Rupees Nil (2022: Rupees 0.285 million) due from Premier Insurance Limited, a related party.		
23.2	The maximum aggregate amount due from the related party, Premier Insurance Limited at the end of any month during the year was Rupees Nil (2022: Rupees 0.285 million).		
		2023	2022
		(RUPEES IN THOUSAND)	
23.3	Provision for doubtful loans and advances		
	Balance as at 01 July	2,975	-
	Add: Recognized during the year (Note 31)	2,241	2,975
	As at 30 June	5,216	2,975
24.	OTHER RECEIVABLES		
	Considered good:		
	Sales tax and excise duty refundable	509,990	271,908
	Duty drawback and export rebate	7,507	6,371
	Others	63,474	62,725
		580,971	341,004
	Less: Provision for doubtful other receivables (Note 24.1)	11,968	11,760
		569,003	329,244
24.1	Provision for doubtful other receivables		
	Balance as at 01 July	11,760	11,760
	Add: Recognized during the year (Note 31)	208	-
	As at 30 June	11,968	11,760
25.	SHORT TERM INVESTMENTS		
	At fair value through other comprehensive income		
	Others - quoted		
	Shakarganj Limited 1 143 693 (2022: 1 143 693) ordinary shares of Rupees 10 each fully paid. Equity held 0.91% (2022: 0.91%)	7,194	7,194
	Crescent Steel and Allied Products Limited 76 (2022: 76) ordinary shares of Rupees 10 each fully paid.	1	1
	Samba Bank Limited 2 579 313 (2022: 2 579 313) ordinary shares of Rupees 10 each fully paid. Equity held 0.26% (2022: 0.26%)	7,091	7,091
	The Crescent Textile Mills Limited 4 734 863 (2022: 4 734 863) ordinary shares of Rupees 10 each fully paid. Equity held 4.73% (2022: 4.73%)	57,163	57,163
		71,449	71,449
	Add: Fair value adjustment	59,920	84,863
		131,369	156,312

	2023	2022
	(RUPEES IN THOUSAND)	
26. CASH AND BANK BALANCES		
With banks:		
On current accounts	49,253	42,764
Cash in hand	385	873
	<u>49,638</u>	<u>43,637</u>
27. REVENUE		
Local sales (Note 27.1)	5,169,554	5,457,227
Export sales (Note 27.2)	748,240	1,648,488
Export rebate	4,415	9,558
	<u>5,922,209</u>	<u>7,115,273</u>
27.1 Local Sales		
Yarn	5,921,090	6,249,022
Hosiery	13,497	632
Cloth	5,278	-
Raw Material	70,008	98,886
Waste	56,005	36,416
	<u>6,065,878</u>	<u>6,384,956</u>
Less: Sales tax	896,324	927,729
	<u>5,169,554</u>	<u>5,457,227</u>
27.2 Export sales		
Yarn sale to customer having Duty and Tax Remission for Exports (DTRE)	171,121	370,210
Cloth	-	287,075
Hosiery	163,620	124,626
Home Textiles	413,499	866,577
	<u>748,240</u>	<u>1,648,488</u>
27.3 Sales in respect of foreign and local jurisdictions is as follows:		
Algeria	-	24,256
Austria	9,497	7,319
Belgium	-	16,776
Czech Republic	71,831	561,577
France	18,721	-
Ghana	74,836	326,676
Hong Kong	-	23,105
Italy	65,533	-
Japan	5,920	-
Morocco	-	12,394
Pakistan	5,169,554	5,457,227
Qatar	-	4,859
Romania	5,322	-
Spain	33,518	178,004
Switzerland	24,069	-
United Kingdom	107,999	-
United States of America	164,288	132,870
Others - DTREs	171,121	370,210
	<u>5,922,209</u>	<u>7,115,273</u>

- 27.4** The Company has recognized revenue of Rupees 80.685 million (2022: Rupees 72.367 million) from amounts included in contract liabilities at the year end.
- 27.5** Revenue is recognized at the point in time as per the terms and conditions of underlying contracts with customers.

2023 **2022**
(RUPEES IN THOUSAND)

28. COST OF SALES

Raw materials consumed	3,363,876	4,273,745
Salaries, wages and other benefits (Note 28.1)	339,611	426,071
Stores, spare parts and loose tools consumed	229,284	258,415
Fuel and power	1,269,993	934,014
Outside weaving / processing / stitching charges	143,444	340,603
Other manufacturing overheads	26,290	25,741
Insurance	11,603	10,145
Repair and maintenance	5,332	4,778
Depreciation (Note 15.1.3)	77,517	81,891
	5,466,950	6,355,403
Work-in-process		
Opening stock	77,012	30,777
Closing stock	(66,011)	(77,012)
	11,001	(46,235)
Cost of goods manufactured	5,477,951	6,309,168
Finished goods		
Opening stock	264,109	161,872
Closing stock	(341,006)	(264,109)
	(76,897)	(102,237)
	5,401,054	6,206,931
Cost of goods purchased for resale	53,004	182,010
	5,454,058	6,388,941

- 28.1** Salaries, wages and other benefits include staff retirement benefit amounting to Rupees 33.444 million (2022: Rupees 29.932 million).

29. DISTRIBUTION COST

Freight and forwarding	36,159	83,922
Commission to selling agents	15,283	34,074
Insurance	580	578
Loading and handling	8,028	8,342
Others	1,251	2,663
	61,301	129,579

	2023	2022
	(RUPEES IN THOUSAND)	
30. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 30.1)	147,085	124,080
Workers' welfare	3,796	3,015
Traveling and conveyance	3,605	5,390
Insurance	2,103	1,843
Rent, rates and taxes (Note 30.2)	6,008	5,315
Entertainment	3,291	2,702
Fee and subscription	3,036	2,721
Communication	2,725	2,617
Vehicles' running	24,487	19,677
Repair and maintenance	9,234	8,166
Utilities	6,789	4,460
Printing and stationery	2,335	2,288
Books and periodicals	17	81
Advertisement	92	28
Auditor's remuneration:		
Statutory audit - standalone	1,500	1,400
Statutory audit - consolidation	200	200
Other certifications including half yearly review	460	545
Out of pocket expenses	45	45
	2,205	2,190
Legal and professional	2,033	5,380
Miscellaneous	4,204	5,469
Depreciation (Note 15.1.3)	2,128	3,148
	225,173	198,570
30.1	Salaries and other benefits include staff retirement benefit amounting to Rupees 18.588 million (2022: Rupees 16.893 million).	
30.2	These include Rupees 2.176 million (2022: Rupees 1.978 million) in respect of short term lease.	
31. OTHER EXPENSES		
Donations (Note 31.1)	1,000	48
Workers' profit participation fund (Note 10.3)	6,613	17,656
Stores, spare parts and loose tools written off	-	592
Loss on remeasurement of fair value of investment properties	-	7,711
Allowance for expected credit losses	-	2,439
Provision for doubtful loans and advances (Note 23.3)	2,241	2,975
Provision for doubtful other receivables (Note 24.1)	208	-
Workers' welfare fund (Note 10.4)	3,815	4,959
	13,877	36,380

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

2023 2022
(RUPEES IN THOUSAND)

32. OTHER INCOME

Income from financial assets

Net exchange gain	51,218	27,328
Dividend income (Note 32.1)	4,740	1,660
Reversal of allowance for expected credit losses (Note 22.4)	456	842

	56,414	29,830
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Income from non-financial assets

Rental income	36,720	32,061
Scrap sales	1,252	1,368
Gain on sale of property, plant and equipment	2,022	3,689
Amortization of deferred grant (Note 13.1)	298	2,861

Gain on remeasurement of fair value of investment properties (Note 16)	32,245	-
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	72,537	39,979
--	--------	--------

	128,951	69,809
--	---------	--------

32.1 Dividend income

Crescent Fibres Limited	-	108
Samba Bank Limited	-	1,547
The Crescent Textile Mills Limited	4,735	-
Security Papers Limited	5	5

	4,740	1,660
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33. FINANCE COST

Mark-up / interest on:

Long term financing	23,075	26,351
Short term borrowings	81,587	61,366
Workers' profit participation fund (Note 10.3)	1,175	1,535

Unwinding of discount on GIDC payable (Note 13.2)	58	2,683
Bank charges and commission	3,903	7,198

	109,798	99,133
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2023 **2022**
(RUPEES IN THOUSAND)

34. TAXATION

Current

- For the year (Note 34.1)	78,800	80,263
- Prior year	2,322	1,966

	81,122	82,229
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Deferred (Note 19.1.1)	(8,954)	1,246
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	72,168	83,475
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34.1 During the year, provision for current taxation is based on minimum tax and final tax regime. Accordingly the reconciliation between accounting profit before tax and tax expense has not been presented in these financial statements. Tax losses available for carry forward as at 30 June 2023 are of Rupees 116.012 million representing unabsorbed depreciation (2022: Rupees 215.465 million). Total minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 as at 30 June 2023 is of Rupees 299.330 million, while deferred income tax asset is recognized on minimum tax to the extent of Rupees 63.137 million.

34.2 The minimum tax would expire as follows:

Accounting year to which the minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	RUPEES IN THOUSAND	
2023	63,215	2026
2022	50,662	2025
2021	20,483	2026
2020	77,248	2025
2019	87,722	2024
	299,330	

35. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2023		2022
Profit attributable to ordinary shareholders	(Rupees in thousand)	114,785		249,004
Weighted average number of ordinary shares	(Numbers)	22 660 126		22 660 126
Earnings per share	(Rupees)	5.07		10.99

2023 **2022**
(RUPEES IN THOUSAND)

36. CASH (USED IN) / GENERATED FROM OPERATIONS

Profit before taxation **186,953** 332,479

Adjustments for non cash charges and other items:

Depreciation	79,645	85,039
Provision for staff retirement gratuity	52,032	46,825
Gain on sale of property, plant and equipment	(2,022)	(3,689)
(Gain) / loss on remeasurement of fair value of investment properties	(32,245)	7,711
(Reversal of allowance) / allowance for expected credit losses - net	(456)	1,597
Provision for doubtful loans and advances	2,241	2,975
Provision for doubtful other receivables	208	-
Stores, spare parts and loose tools written off	-	592
Finance cost	109,798	99,133
Amortization of deferred grant	(298)	(2,861)
Working capital changes (Note 36.1)	156,646	(597,368)

	552,502	(27,567)
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36.1 Working capital changes

Decrease / (increase) in current assets

Stores, spare parts and loose tools	2,425	(9,096)
Stock-in-trade	21,733	(169,802)
Trade debts	37,078	(320,843)
Loans, advances and prepayments	(11,081)	(29,619)
Other receivables	(239,967)	(180,569)
	(189,812)	(709,929)

Increase in trade and other payables	346,458	112,561
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	156,646	(597,368)
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36.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

2023				
Long term Financing	Short term borrowings	Unclaimed dividend	Total	
----- (RUPEES IN THOUSAND) -----				
Balance as at 01 July	202,671	674,053	3,970	880,694
Other changes - non-cash movement	298	-	-	298
Short term borrowings - net	-	(113,448)	-	(113,448)
Repayment of long term financing	(87,708)	-	-	(87,708)
Dividend declared	-	-	16,995	16,995
Dividend paid	-	-	(16,788)	(16,788)
Balance as at 30 June	<u>115,261</u>	<u>560,605</u>	<u>4,177</u>	<u>680,043</u>

2022				
Long term Financing	Short term borrowings	Unclaimed dividend	Total	
----- (RUPEES IN THOUSAND) -----				
Balance as at 01 July	307,047	368,704	3,971	679,722
Long term Financing obtained	9,742	-	-	9,742
Other charges - non-cash movement	2,861	-	-	2,861
Short term borrowings - net	-	305,349	-	305,349
Repayment of financing	(116,979)	-	-	(116,979)
Dividend paid	-	-	(1)	(1)
Balance as at 30 June	<u>202,671</u>	<u>674,053</u>	<u>3,970</u>	<u>880,694</u>

37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary company, associated companies, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties along with basis of relationship, other than those which have been specifically disclosed elsewhere in these financial statements is as follows:

2023 2022
(RUPEES IN THOUSAND)

Name	Basis of relationship	Nature of transaction	2023	2022
Subsidiary company				
Crescot Mills Limited	66.15 % shareholding and common directorship	Raw materials purchased	167,718	34,012
		Expenses paid on behalf of subsidiary company	6	22
Associated companies				
Premier Insurance Limited	Common directorship	Insurance premium	15,792	12,965
		Dividend paid	159	-
Riaz and Company (1962, Private) Limited	Common directorship	Expenses paid on behalf of associated company	449	-
Other related parties				
Directors and executives	Members of Board of Directors, their relatives and key management personnel	Loan received / (paid) - net	19,060	(8,914)
		Dividend paid	8,812	-

37.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, directors and executives is disclosed in Note 38.

38. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	Chief Executive Officer		Directors		Executives	
	2023	2022	2023	2022	2023	2022
----- (RUPEES IN THOUSAND) -----						
Managerial remuneration	8,254	7,502	5,501	5,001	34,821	22,239
Allowances:						
Housing	3,714	3,376	2,476	2,251	15,709	10,008
Utilities	825	750	550	500	3,522	2,382
Group insurance	-	-	6	5	33	16
Reimbursable expenses	825	750	550	500	3,386	2,054
	13,618	12,378	9,083	8,257	57,471	36,699
Number of persons	1	1	1	1	10	5

- 38.1** Aggregate amount charged in the financial statements for meeting fee to five directors (2022: five directors) was Rupees 640,000 (2022: Rupees 640,000).
- 38.2** The Chief Executive Officer, Directors and Executives of the Company are provided with Company maintained vehicles.
- 38.3** Apart from the meeting fee as disclosed in Note 38.1, no remuneration was paid to non-executive directors of the Company.

39. NUMBER OF EMPLOYEES

	2023	2022
	(NUMBER OF PERSONS)	
Number of employees as on 30 June	1147	1247
Average number of employees during the year	1116	1255

40. ENTITY - WIDE INFORMATION

Previously, the Company was operating two segments, i.e. Textiles and Trading. However, due to reasons mentioned in Note 2.21, the Company has eliminated the Trading segment and hence, operating with single reportable segment.

All non-current assets of the Company as at reporting dates are located and operating in Pakistan. The Company's revenue is earned from a large mix of customers.

41. PLANT CAPACITY AND ACTUAL PRODUCTION

		2023	2022
Spinning:			
100% plant capacity converted to 20s count	Kgs.	15 537 655	19 159 271
Actual production converted to 20s count	Kgs.	13 010 169	16 545 698

Embroidery and Hosiery:

Capacity of such units cannot be determined due to nature of their operations.

41.1 Reason For Low Production

The capacity for the current year was altered because Spinning Unit No. 4 was partially closed for 43 days collectively during the year due to various reasons including non-availability of raw materials at feasible price and other operational factors. Moreover the variation in planned production of yarn counts also changed the capacity. The reasons for low production include normal repair and maintenance and power shut down / jerks.

42. FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

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

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

(a) Market risk**(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

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

	2023	2022
Trade debts - USD	402,523	942,257
Trade debts - GBP	254,598	-

Following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	249.48	181.65
Reporting date rate	286.60	205.50

Rupees per GBP

Average rate	294.50	-
Reporting date rate	364.77	-

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 9.596 million (2022: Rupees 8.924 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

Sensitivity analysis

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

Index	Impact on statement of other comprehensive income (fair value reserve)	
	2023	2022
	----- (RUPEES IN THOUSANDS) -----	
PSX 100 (5% increase)	6,688	6,893
PSX 100 (5% decrease)	(6,688)	(6,893)

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

(iii) Interest rate risk

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

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

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

	2023	2022
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial liabilities		
Long term financing	42,790	78,011
Floating rate instruments		
Financial liabilities		
Long term financing	72,471	124,660
Short term borrowings	259,788	328,223

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 3.093 million (2022: Rupees 4.216 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming that amounts of financial instruments outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2023	2022
	(RUPEES IN THOUSAND)	
Investments	139,633	165,638
Loans and advances	1,312	1,116
Deposits	3,383	3,383
Trade debts	477,143	513,765
Other receivables	51,506	50,965
Bank balances	49,253	42,764
	<u>722,230</u>	<u>777,631</u>

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

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

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

	Rating			2023	2022
	Short Term	Long Term	Agency	Rupees in Thousands	
Banks					
Conventional Accounts					
National Bank of Pakistan	A1+	AAA	PACRA	2,013	5,401
Allied Bank Limited	A1+	AAA	PACRA	101	158
Bank Alfalah Limited	A1+	AA+	PACRA	243	10,727
Habib Bank Limited	A-1+	AAA	VIS	14,351	412
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	3,205	6,118
Faysal Bank Limited	A1+	AA	PACRA	20	20
MCB Bank Limited	A1+	AAA	PACRA	375	9,276
United Bank Limited	A-1+	AAA	VIS	6,073	4,144
Askari Bank Limited	A1+	AA+	PACRA	31	10
Bank Al-Habib Limited	A1+	AAA	PACRA	1,069	3,657
The Bank of Punjab	A1+	AA+	PACRA	5,444	365
Sindh Bank Limited	A-1	A+	VIS	214	268
JS Bank Limited	A1+	AA-	PACRA	889	58
				34,028	40,614
Shariah compliant accounts					
Meezan Bank Limited	A-1+	AAA	VIS	13,371	161
Faysal Bank Limited	A-1+	AA	PACRA	1,433	214
MCB Islamic Bank Limited	A1	A	PACRA	35	35
Bank Al-Habib Limited	A1+	AAA	PACRA	118	1,692
Askari Bank Limited	A1+	AA+	PACRA	210	-
Bank Alfalah Limited	A1+	AA+	PACRA	58	48
				15,225	2,150
				49,253	42,764

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

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2023, the Company had Rupees 790.212 million (2022: Rupees 921.777 million) available borrowing limits from financial institutions and Rupees 49.638 million (2022: Rupees 43.637 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the tables are undiscounted cash flows.

Contractual maturities of financial liabilities as at 30 June 2023:

	Carrying Amount	Contractual cash flows	6 month or less	6-12 months	1-2 years	More than 2 years
Non-derivative financial liabilities: (RUPEES IN THOUSAND)						
Long term financing	115,261	123,250	36,813	25,796	29,026	31,615
Trade and other payables	789,094	789,094	789,094	-	-	-
Unclaimed dividend	4,177	4,177	4,177	-	-	-
Accrued mark-up	18,541	18,541	18,541	-	-	-
Short term borrowings	560,605	591,133	591,133	-	-	-
	<u>1,487,678</u>	<u>1,526,195</u>	<u>1,439,758</u>	<u>25,796</u>	<u>29,026</u>	<u>31,615</u>

Contractual maturities of financial liabilities as at 30 June 2022:

	Carrying Amount	Contractual cash flows	6 month or less	6-12 months	1-2 years	More than 2 years
Non-derivative financial liabilities: (RUPEES IN THOUSAND)						
Long term financing	202,671	220,340	66,889	39,816	59,142	54,493
Trade and other payables	627,272	627,272	627,272	-	-	-
Unclaimed dividend	3,970	3,970	3,970	-	-	-
Accrued mark-up	20,236	20,236	20,236	-	-	-
Short term borrowings	674,053	683,721	576,814	106,907	-	-
	<u>1,528,202</u>	<u>1,555,539</u>	<u>1,295,181</u>	<u>146,723</u>	<u>59,142</u>	<u>54,493</u>

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

Carrying amount of long term financing as at 30 June 2023 includes overdue installments of principal amounting to Rupees 4.271 million (2022: Rupees Nil).

42.2 Financial instruments by categories

2023			2022		
At amortized cost	At FVTOCI	Total	At amortized cost	At FVTOCI	Total
(RUPEES IN THOUSAND)					

Assets as per statement of financial position

Investments	-	139,633	139,633	-	165,638	165,638
Loans and advances	1,312	-	1,312	1,116	-	1,116
Deposits	3,383	-	3,383	3,383	-	3,383
Trade debts	477,143	-	477,143	513,765	-	513,765
Other receivables	51,506	-	51,506	50,965	-	50,965
Cash and bank balances	49,638	-	49,638	43,637	-	43,637
	<u>582,982</u>	<u>139,633</u>	<u>722,615</u>	<u>612,866</u>	<u>165,638</u>	<u>778,504</u>

2023	2022
Financial liabilities at amortized cost	

(RUPEES IN THOUSAND)

Liabilities as per statement of financial position

Long term financing	115,261	202,671
Accrued mark-up	18,541	20,236
Short term borrowings	560,605	674,053
Trade and other payables	789,094	627,272
Unclaimed dividend	4,177	3,970
	<u>1,487,678</u>	<u>1,528,202</u>

42.3 Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

2023			2022		
Financial assets	Other than financial assets	Total as per statement of financial position	Financial assets	Other than financial assets	Total as per statement of financial position

(RUPEES IN THOUSAND)

Assets as per statement of financial position

Long term deposits	3,383	-	3,383	3,383	-	3,383
Long term advances	124	-	124	156	-	156
Loans, advances and prepayments	1,188	53,744	54,932	960	45,132	46,092
Trade debts	477,143	-	477,143	513,765	-	513,765
Other receivables	51,506	517,497	569,003	50,965	278,279	329,244
Cash and bank balances	49,638	-	49,638	43,637	-	43,637
Investments	139,633	-	139,633	165,638	-	165,638
	<u>722,615</u>	<u>571,241</u>	<u>1,293,856</u>	<u>778,504</u>	<u>323,411</u>	<u>1,101,915</u>

2023			2022		
Financial liabilities	Other than financial liabilities	Total as per statement of financial position	Financial liabilities	Other than financial liabilities	Total as per statement of financial position

(RUPEES IN THOUSAND)

Liabilities as per statement of financial position

Long term financing	115,261	-	115,261	202,671	-	202,671
Trade and other payables	789,094	384,115	1,173,209	627,272	188,097	815,369
Unclaimed dividend	4,177	-	4,177	3,970	-	3,970
Accrued mark-up	18,541	-	18,541	20,236	-	20,236
Short term borrowings	560,605	-	560,605	674,053	-	674,053
	<u>1,487,678</u>	<u>384,115</u>	<u>1,871,793</u>	<u>1,528,202</u>	<u>188,097</u>	<u>1,716,299</u>

42.4 Offsetting financial assets and financial liabilities

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

42.5 Capital risk management

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

	2023	2022
	(RUPEES IN THOUSAND)	
Borrowings	675,866	876,724
Total equity	6,102,085	5,373,986
Total capital employed	<u>6,777,951</u>	<u>6,250,710</u>
	(PERCENTAGE)	
Gearing ratio	9.97	14.03

Increase in gearing ratio resulted primarily from decrease in borrowings of the Company.

43. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

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

Recurring fair value measurements At 30 June 2023	Level 1	Level 2	Level 3	Total
----- (RUPEES IN THOUSAND) -----				
Financial assets				
At fair value through other comprehensive income	137,133	-	2,500	139,633
Total financial assets	<u>137,133</u>	<u>-</u>	<u>2,500</u>	<u>139,633</u>

Recurring fair value measurements At 30 June 2022	Level 1	Level 2	Level 3	Total
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----- (RUPEES IN THOUSAND) -----

Financial assets

At fair value through other comprehensive income	163,138	-	2,500	165,638
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Total financial assets

163,138	-	2,500	165,638
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The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short-term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

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

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

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for the financial assets held by the Company is the current bid price. A market is regarded as active market where transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within level 1 which are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset and liability which are not based on observable market data (i.e. unobservable inputs). This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

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

44. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
----- (RUPEES IN THOUSAND) -----				
At 30 June 2023				
Investment properties	-	292,263	-	292,263
Freehold land	-	4,906,287	-	4,906,287
Total non-financial assets	-	<u>5,198,550</u>	-	<u>5,198,550</u>
----- (RUPEES IN THOUSAND) -----				
At 30 June 2022				
Investment properties	-	260,018	-	260,018
Freehold land	-	4,263,378	-	4,263,378
Total non-financial assets	-	<u>4,523,396</u>	-	<u>4,523,396</u>

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

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

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

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

Valuation process

The Company engages external, independent and qualified valuer, to determine the fair value of the Company's investment properties and freehold land. The fair value of the investment properties and freehold land have been determined by Messrs Evaluation Focused Consulting as at 21 June 2023 and 19 June 2023 respectively.

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

45. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2023	2022
		(RUPEES IN THOUSAND)	
Revenue earned from shariah compliant business	27	5,922,209	7,115,273
Exchange gain	32	51,218	27,328
Loss or dividend earned from shariah compliant investments			
Dividend income	32.1	4,735	108
Unrealized loss on remeasurement of investments measured at FVTOCI		(25,129)	(9,060)
Shariah compliant bank deposits and bank balances			
Bank balances	42.1 (b)	15,225	2,150
Profits earned or interest paid on any conventional loan / advance			
Mark-up on long term financing	33	23,075	26,351
Mark-up on short term borrowings	33	81,587	61,366
Loans / advances obtained as per Islamic mode			
Contract liabilities	10	308,699	135,061
Short term borrowings	12	300,817	345,830

There is no profit earned from shariah compliant bank balances as all the bank balances are in current accounts. Moreover there was no mark-up on Islamic mode of financing as all loans / advances were interest free. The relationship with all shariah compliant banks are related to bank accounts only as given in Note 42.1 (b).

46. DATE OF AUTHORIZATION

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

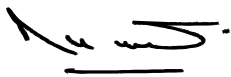
47. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified for better presentation, wherever necessary for the purpose of comparison. However, no significant reclassifications have been made except for the following:

PARTICULARS	RECLASSIFICATION		RUPEES IN THOUSAND
	FROM	TO	
Sales tax payable	Net off with sales tax and excise duty refundable in other receivables	Trade and other payables	11,923
Prepayments	Face of statement of financial position	Loans, advances and prepayments	1,891

48. GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**CRESCENT COTTON MILLS LIMITED
AND ITS SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION**

YEAR ENDED 30 JUNE 2023

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

Opinion

We have audited the annexed consolidated financial statements of Crescent Cotton Mills Limited and its Subsidiary Company (the Group), which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Inventory existence and valuation</p> <p>As at 30 June 2023 amounting to Rupees 708.713 million of the Holding Company as at 30 June 2023 represented a material portion in the consolidated statement of financial position, break up of which is as follows:</p> <p style="margin-left: 40px;">- Stores, spare parts and loose tools of Rupees 72.557 million</p>	<p>Our procedures over existence and valuation of inventories included, but were not limited to:</p> <ul style="list-style-type: none"> • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we

	<p>- Stock-in-trade of Rupees 636.156 million</p> <p>Inventories are stated at lower of cost and net realizable value.</p> <p>We identified existence and valuation of inventories as a key audit matter due to their size, representing 8.08% of the total assets of the Group as at 30 June 2023, and the judgment involved in valuation.</p> <p>For further information on inventories, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Inventories (Note 2.11 to the consolidated financial statements). - Stores, spare parts and loose tools (Note 21) and Stock-in-trade (Note 22) to the consolidated financial statements. 	<p>performed test counts and compared the quantities counted by us with the results of the counts of the management.</p> <ul style="list-style-type: none"> • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. • We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. • We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the consolidated financial statements. <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;
<p>2. Revenue recognition</p>	<p>We identified recognition of revenue of the Holding Company as a key audit matter because revenue is one of the key performance indicators and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information, refer to the following:</p>	

	<ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.13 to the consolidated financial statements). - Revenue from contracts with customers (Note 28 to the consolidated financial statements). 	<ul style="list-style-type: none"> • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • We also considered the appropriateness of disclosures in the financial statements.
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Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern

basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mubashar Mehmood.

RIAZ AHMAD & COMPANY

Chartered Accountants



Faisalabad

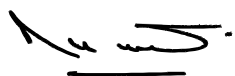
October 06, 2023

UDIN: AR202310158Sn0hLOzjV

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	NOTE	2023	2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
30 000 000 (2022: 30 000 000) ordinary shares of Rupees 10 each		<u>300,000</u>	<u>300,000</u>
Issued, subscribed and paid up share capital	3	226,601	226,601
Reserves			
Capital reserves			
Premium on issue of shares reserve	4	5,496	5,496
Plant modernization reserve		12,000	12,000
Share of equity accounted investees' reserve		5,215	5,126
Fair value reserve	5	(4,779)	15,761
Surplus on revaluation of freehold land and investment properties	6	4,926,217	4,283,308
		4,944,149	4,321,691
Revenue reserves	7	1,284,835	1,152,169
		6,228,984	5,473,860
Total reserves		6,228,984	5,473,860
Equity attributable to equity holders of the Holding Company		6,455,585	5,700,461
Non-controlling interest		181,144	168,841
		6,636,729	5,869,302
TOTAL EQUITY			
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	8	54,493	110,989
Staff retirement gratuity	9	100,726	162,319
		155,219	273,308
CURRENT LIABILITIES			
Trade and other payables	10	1,181,068	817,350
Unclaimed dividend		4,177	3,970
Accrued mark-up	11	18,541	34,438
Short term borrowings	12	560,605	679,053
Current portion of non-current liabilities	13	119,785	153,927
Provision for taxation		87,171	88,675
		1,971,347	1,777,413
TOTAL LIABILITIES		2,126,566	2,050,721
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	14	8,763,295	<u>7,920,023</u>

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



CHIEF EXECUTIVE OFFICER

	NOTE	2023	2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	5,646,537	5,071,774
Investment properties	16	650,091	496,171
Investments in equity accounted investees	17	3,374	3,600
Other long term investments	18	3,891	84,931
Long term deposits		3,905	4,185
Long term advances	19	124	189
Deferred income tax asset	20	52,574	40,302
		6,360,496	5,701,152
CURRENT ASSETS			
Stores, spare parts and loose tools	21	72,557	74,982
Stock-in-trade	22	665,626	695,647
Trade debts	23	477,453	513,765
Loans, advances and prepayments	24	58,269	52,004
Short term deposits and other receivables	25	581,545	343,609
Income tax		254,287	210,696
Short term investments	26	131,487	165,444
Cash and bank balances	27	161,575	162,724
		2,402,799	2,218,871
TOTAL ASSETS		8,763,295	7,920,023



DIRECTOR

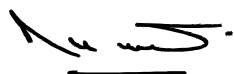


CHIEF FINANCIAL OFFICER

**CRESCENT COTTON MILLS LIMITED AND ITS SUBSIDIARY COMPANY
 CONSOLIDATED STATEMENT OF PROFIT OR LOSS
 FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 (RUPEES IN THOUSAND)	2022
REVENUE FROM CONTRACTS WITH CUSTOMERS	28	6,701,428	7,467,842
COST OF SALES	29	(6,207,228)	(6,713,864)
GROSS PROFIT		494,200	753,978
DISTRIBUTION COST	30	(61,707)	(130,128)
ADMINISTRATIVE EXPENSES	31	(261,944)	(220,625)
OTHER EXPENSES	32	(13,877)	(36,380)
OTHER INCOME	33	182,030	90,926
FINANCE COST	34	(110,328)	(99,511)
		228,374	358,260
SHARE OF NET LOSS IN EQUITY ACCOUNTED INVESTEEES	17	(315)	(89)
PROFIT BEFORE TAXATION		228,059	358,171
TAXATION	35	(77,395)	(92,406)
PROFIT AFTER TAXATION		150,664	265,765
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		138,401	260,086
NON-CONTROLLING INTEREST		12,263	5,679
		150,664	265,765
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	36	6.11	11.48

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



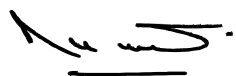
CHIEF FINANCIAL OFFICER

CRESCENT COTTON MILLS LIMITED AND ITS SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

2023 **2022**
(RUPEES IN THOUSAND)

PROFIT AFTER TAXATION	150,664	265,765
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Experience adjustment on defined benefit plan	14,977	(5,447)
Deferred income tax related to experience adjustment	(3,677)	1,501
	11,300	(3,946)
Surplus on revaluation of freehold land	642,909	146,597
Deficit arising on remeasurement of investments at fair value through other comprehensive income	(26,795)	(37,618)
Deferred income tax relating to investments at fair value through other comprehensive income	6,255	(6,255)
	(20,540)	(43,873)
Share of other comprehensive income of equity accounted investees:		
Experience adjustment on defined benefit plan - net of tax	(2)	14
Surplus on revaluation of property, plant and equipment	96	10
(Deficit) / surplus arising on remeasurement of investments at fair value through other comprehensive income	(5)	133
Share of other comprehensive loss from associated company	89	148
	633,758	98,926
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year - net of tax	633,758	98,926
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>784,422</u>	<u>364,691</u>
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	772,119	359,012
NON-CONTROLLING INTEREST	12,303	5,679
	<u>784,422</u>	<u>364,691</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**CRESCENT COTTON MILLS LIMITED AND ITS SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023**

SHARE CAPITAL	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY											NON-CONTROLLING INTEREST	TOTAL EQUITY
	CAPITAL RESERVES			REVENUE RESERVES			TOTAL RESERVES		SHAREHOLDERS' EQUITY	NON-CONTROLLING INTEREST	TOTAL EQUITY		
	Premium on issue of shares	Plait modernization on	Fair value reserve of investments at FVOCI	Surplus on revaluation of free hold land & investment	Share of equity accounted investors' reserve	Sub total	General reserve	Unappropriated profit					
226,601	5,496	12,000	60,924	4,136,711	4,978	4,220,109	48,975	855,652	904,627	5,124,736	5,351,337	153,274	5,504,611
-	-	-	(1,290)	-	-	(1,290)	-	1,290	1,290	-	-	-	-
-	-	-	-	-	-	-	-	(9,888)	(9,888)	(9,888)	(9,888)	9,888	-
-	-	-	(43,873)	146,597	-	102,872	-	260,086	(3,946)	260,086	260,086	5,679	265,765
-	-	-	(43,873)	146,597	148	102,872	-	(3,946)	(3,946)	98,926	98,926	-	98,926
-	-	-	-	148	102,872	-	-	256,140	256,140	359,012	359,012	5,679	364,691
226,601	5,496	12,000	15,761	4,283,308	5,126	4,321,691	48,975	1,103,194	1,152,169	5,473,860	5,700,461	168,841	5,869,302
-	-	-	-	-	-	-	-	(16,995)	(16,995)	(16,995)	(16,995)	-	(16,995)
-	-	-	(20,540)	642,909	-	622,458	-	138,401	138,401	138,401	138,401	12,263	150,664
-	-	-	(20,540)	642,909	89	622,458	-	11,260	11,260	633,718	633,718	40	633,758
-	-	-	-	89	622,458	-	-	149,661	149,661	772,119	772,119	12,303	784,422
226,601	5,496	12,000	(4,779)	4,926,217	5,215	4,944,149	48,975	1,235,860	1,284,835	6,228,984	6,455,585	181,144	6,636,729

Balance as at 01 July 2021

Gain realized on disposal of equity investments at fair value through other comprehensive income

Transferred from unappropriated profit to non-controlling interest for proper classification

Profit for the year

Other comprehensive income for the year

Total comprehensive income for the year

Balance as at 30 June 2022

Transaction with owners - Final dividend for the year ended 30 June 2022 at the rate of Rupee 0.75 per share

Profit for the year

Other comprehensive income for the year

Total comprehensive income for the year

Balance as at 30 June 2023

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



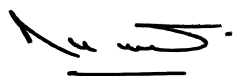
CHIEF FINANCIAL OFFICER

**CRESCENT COTTON MILLS LIMITED AND ITS SUBSIDIARY COMPANY
 CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2023**

2023 2022
(RUPEES IN THOUSAND)

	NOTE		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	37	563,255	(69,552)
Finance cost paid		(111,783)	(90,720)
Income tax paid		(132,184)	(90,660)
Staff retirement gratuity paid		(91,481)	(32,657)
(Increase) / decrease in long term deposits		280	(280)
Decrease / (increase) in long term advances		65	(74)
Net cash generated from / (used in) operating activities		228,152	(283,943)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(24,368)	(75,200)
Investment property purchased		-	(236,153)
Advance against purchase of investment property		(24,828)	-
Proceeds from sale of property, plant and equipment		12,615	6,322
Short term investment acquired		-	(21,746)
Deposits for shares made		-	(80,000)
Profit on PLS account and TDRs received		15,292	13,072
Proceeds from sale of investments		9,932	3,081
Net cash used in investing activities		(11,357)	(390,624)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(87,708)	(116,979)
Proceeds from long term financing		-	9,742
Short term borrowings - net		(113,448)	305,349
Dividend paid		(16,788)	(1)
Net cash (used in) / from financing activities		(217,944)	198,111
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,149)	(476,456)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		162,724	639,180
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 27)		161,575	162,724

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**CRESCENT COTTON MILLS LIMITED AND ITS SUBSIDIARY COMPANY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2023**

1. THE GROUP AND ITS OPERATIONS

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

Crescent Cotton Mills Limited

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

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

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

* The Company was previously operating an embroidery unit. However, following the resolution of Board of Directors (BOD) in its 193rd meeting dated 28 October 2022, it was decided to dispose of all assets of the embroidery unit.

Crescot Mills Limited

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the consolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

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

Inventories

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

Income Tax

In making the estimates for income tax currently payable by the Group, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Recovery of deferred tax assets

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

Provisions

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

Contingencies

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

Allowance for expected credit losses

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

Impairment of investments in equity accounted investees

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

Revenue from contracts with customers involving sale of goods

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

Employees retirement benefit

Certain actuarial assumptions have been adopted as disclosed in Note 9.3 to the consolidated financial statements for determination of present value of defined benefit obligation. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

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

Following amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2022:

- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use'
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Cost of Fulfilling a Contract amends IAS 1 'Presentation of Financial Statements'
- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'

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

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

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

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

Following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2023 or later periods:

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

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

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

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

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 01 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 01 January 2024.

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

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

There are other standards and amendments to published approved standards that are mandatory for accounting periods beginning on or after 01 July 2023 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

2.2 Basis of Consolidation

a) Subsidiary Company

Subsidiary is the company over which the Group has control. The Group controls a company when the Group is exposed to, or has rights to variable returns from its involvement with the company and has the ability to affect those returns through its power to direct the activities of the company. Subsidiary is fully consolidated from the date on which the control is transferred to the Group. These are deconsolidated from the date the control ceases.

The assets and liabilities of the Subsidiary Company has been consolidated on a line-by-line basis and the carrying value of the investment held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the Subsidiary Company.

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

Intra-group balances and transactions are eliminated.

b) Associates

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

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

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

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

Investments in equity accounted investees are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

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

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

2.4 Staff retirement benefit

The Group operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The liabilities relating to defined benefit plan are determined through actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuations have been carried on 30 June 2023. The method involves making assumptions about discount rates, future salary increases and mortality rates. Significant assumptions used to carry out the actuarial valuation have been disclosed in Note 9.3 to these consolidated financial statements.

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

2.5 Government grants

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

2.6 Dividend and other appropriations

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

2.7 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or alternate corporate tax, whichever is higher in accordance with the provisions of Income Tax Ordinance, 2001.

Deferred

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

As the provision for taxation is made partially under the normal basis and partially under the final tax regime, therefore the deferred tax liability has been recognized on a proportionate basis in accordance with Technical Release (TR) 27, issued by The Institute of Chartered Accountants of Pakistan.

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

2.8 Property, plant, equipment and depreciation

a) Operating fixed assets

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

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

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

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

b) Depreciation

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

c) De-recognition

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

2.9 Investment properties

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

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

2.10 Financial Instruments

i) Classification and measurement of financial instruments

Investments and other financial assets

a) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortized cost

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

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

b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows are solely payment of principal and interest.

Debt instruments

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

Amortized cost

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

Equity instruments

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

Fair Value Through Other Comprehensive Income (FVTOCI)

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

Fair Value Through Profit or Loss (FVTPL)

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the consolidated statement of profit or loss as applicable.

Dividends from such investments are recognized in profit or loss as other income when the Group's right to receive payments is established.

Financial liabilities

Classification and measurement

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

ii) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

iii) **De-recognition of financial assets and financial liabilities**

Financial assets

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

Financial liabilities

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

iv) **Offsetting of financial instruments**

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

2.11 **Inventories**

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

Stores, spare parts and loose tools

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

Stock-in-trade

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

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

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

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

2.12 **Cash and cash equivalents**

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

2.13 **Revenue from contracts with customers**

i) **Revenue recognition**

Sale of goods

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

Rendering of Services

The Group provides textile related services to local customers. These services are sold separately and the Group's contract with the customers for services constitute a single performance obligation. Revenue from services is recognized at the point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Group's contracts with customers.

Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent

Rent revenue from investment properties is recognized on a straight line basis over the lease term. Contingent rentals are recognized as income in the period when earned.

Dividend

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

Other revenue

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

ii) Contract assets

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

iii) Right of return assets

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

iv) Contract liabilities

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

2.14 Borrowings

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

2.15 Trade and other receivables

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

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

2.16 Share capital

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

2.17 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost. These are subsequently measured at amortized cost using the effective interest method.

2.18 Borrowing cost

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

2.19 Impairment of non-financial assets

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

2.20 Provisions

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

2.21 Segment reporting

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

Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated. Transactions among the business segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

The Group had two reportable business segments: Textiles and Trading. However, the Group has decided to eliminate Trading segment due to reducing the trading activities and therefore, the minimum threshold as defined in IFRS 8 'Operating Segments' cannot be met anymore.

2.22 Earnings per share

Earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year.

2.23 Contingent assets

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

2.24 Contingent liabilities

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

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2023	2022		2023	2022
(NUMBER OF SHARES)			(RUPEES IN THOUSAND)	
5 509 767	5 509 767	Ordinary shares of Rupees 10 each fully paid up in cash	55,098	55,098
16 992 345	16 992 345	Ordinary shares of Rupees 10 each issued as fully paid up bonus shares	169,923	169,923
158 014	158 014	Ordinary shares of Rupees 10 each fully paid up, issued to a financial institution against its right of option for conversion of debentures pursuant to a loan agreement	1,580	1,580
<u>22 660 126</u>	<u>22 660 126</u>		<u>226,601</u>	<u>226,601</u>

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

	2023	2022
	(NUMBER OF SHARES)	
Premier Insurance Limited	<u>212 000</u>	<u>212 000</u>

4. PREMIUM ON ISSUE OF SHARES RESERVE

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

5. FAIR VALUE RESERVE

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

	2023	2022
	(RUPEES IN THOUSAND)	
Balance as on 01 July	15,761	60,924
Add: Deferred income tax relating to equity investments	<u>6,255</u>	<u>-</u>
	22,016	60,924
Less:		
Fair value adjustment during the year	(26,795)	(37,618)
Deferred income tax relating to equity investments	-	(6,255)
Gain realized on disposal of equity investments	-	(1,290)
	(26,795)	(45,163)
Balance as on 30 June	<u>(4,779)</u>	<u>15,761</u>
6. SURPLUS ON REVALUATION OF FREEHOLD LAND AND INVESTMENT PROPERTIES		
Freehold land (Note 6.1)	4,813,078	4,170,169
Investment properties	113,139	113,139
	<u>4,926,217</u>	<u>4,283,308</u>
6.1 Surplus on revaluation of freehold land		
Balance as on 01 July	4,170,169	4,023,572
Surplus on revaluation of freehold land (Note 15.1)	642,909	146,597
Balance as on 30 June	<u>4,813,078</u>	<u>4,170,169</u>
6.1.1 This represents surplus resulting from revaluation of freehold land carried out on 19 June 2023 by independent valuer Messrs Evaluation Focused Consulting. The valuation was determined with respect to the present market value of similar properties. Previously revaluation was carried out in June 2022, June 2019, June 2016, June 2015 and March 2010 by independent valuers.		
7. REVENUE RESERVES		
General	48,975	48,975
Unappropriated profit	1,235,860	1,103,194
	<u>1,284,835</u>	<u>1,152,169</u>
8. LONG TERM FINANCING		
From banking company - secured		
Long Term loans (Note 8.1)	115,261	202,671
Less: Current portion shown under current liabilities (Note 13)	60,768	91,682
	<u>54,493</u>	<u>110,989</u>

8.1 Long Term Loans

LENDER	2023	2022	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	INTEREST REPRICING	SECURITY
National Bank of Pakistan	31,450	73,384	3 Month KIBOR+3%	Twenty equal quarterly installments starting from 26 April 2018 and ending on 26 January 2024	Quarterly	Quarterly	First charge of Rupees 280 million over the fixed assets of the Company at 45 Km, Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur and personal guarantee of Chief Executive Officer, Director and Executive of the Company.
National Bank of Pakistan	42,790	53,310	6%	These are different loans repayable in twenty seven to twenty eight equal quarterly installments starting from 30 June 2020 and ending on 21 April 2027	Quarterly	-	First charge of Rupees 107 million over entire fixed assets of the Company at Spinning Unit No. 1 and 2 and personal guarantee of Chief Executive Officer, Director and Executive of the Company.
National Bank of Pakistan - Loans under SBP Refinance Scheme (Note 8.1.1)	-	24,701	SBP rate +3%	These facilities were fully repaid on 03 November 2022	Quarterly	-	First charge of Rupees 134 million over fixed assets of the Company at Nishatabad, Faisalabad and personal guarantee of Chief Executive Officer, Director and Executive of the Company.
National Bank of Pakistan	41,021	51,276	3 Month KIBOR + 2.5%	Nineteen equal quarterly installments starting from 30 September 2021 and ending on 30 March 2026	Quarterly	Quarterly	First specific / exclusive charge for Rupees 87 million over plant and machinery i.e. solar panel system of the Company installed at Unit No. 4 located at 45 Km, Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur and personal guarantee of Chief Executive Officer, Director and Executive of the Company.
	115,261	202,671					

8.1.1 Loans under these term finance facilities were obtained by the Company under SBP Refinance Scheme for payment of salaries and wages. These were recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment was recognized at discount rates ranging from 9.64% to 10.09% per annum.

	2023	2022
9. STAFF RETIREMENT BENEFIT		
The actuarial valuation of the staff retirement gratuity was conducted on 30 June 2023 using Projected Unit Credit Method.		
Reconciliation of the movements in the net liability recognized in the consolidated statement of financial position		
Opening balance	162,319	141,054
Add:		
Provision for the year (Note 9.2)	53,375	46,825
Past service cost	-	1,650
Experience adjustment recognized in other comprehensive income	(14,977)	5,447
	<u>200,717</u>	<u>194,976</u>
Less:		
Paid during the year	(91,481)	(32,657)
Liability transferred to current liability	(8,510)	-
	<u>(99,991)</u>	<u>(32,657)</u>
	<u>100,726</u>	<u>162,319</u>
9.1 Movements in the present value of staff retirement gratuity		
Opening balance	162,319	141,054
Current service cost	37,925	34,353
Past service cost	-	1,650
Interest expense	15,450	12,472
Payments made during the year	(91,481)	(32,657)
Experience adjustment recognized in other comprehensive income	(14,977)	5,447
Benefits due but not yet paid	(8,510)	-
	<u>100,726</u>	<u>162,319</u>
Closing balance	<u>100,726</u>	<u>162,319</u>
9.2 Provision for the year		
Current service cost	37,925	34,353
Past service cost	-	1,650
Interest expense	15,450	12,472
	<u>53,375</u>	<u>48,475</u>
9.3 Significant actuarial assumptions used		
	2023	2022
Discount rate to determine defined benefit cost (per annum)	13.25% - 13.50%	10.00% - 10.25%
Expected rate of increase in salary to determine defined benefit cost (per annum)	12.25% - 12.50%	9.00% - 9.25%
Discount rate to determine defined benefit obligation (per annum)	15.75% - 16.25%	13.25% - 13.50%
Expected rate of increase in salary to determine defined benefit obligation (per annum)	14.75% - 15.25%	12.25% - 12.50%
Average duration of the benefit (years)	7-11	7-11
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rate	Age based	Age based
Retirement assumption	Age 60	Age 60

9.4 The estimated expenses to be charged to the consolidated statement of profit or loss for the year ending on 30 June 2024 is Rupees 29.953 million.

9.5 Sensitivity analysis for actuarial assumptions:

The sensitivity of the staff retirement gratuity as at reporting date to changes in the weighted principal assumption is:

	2023	2022
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(7,231)	(19,369)
Decrease in assumption (Rupees in thousand)	8,835	1,451
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	8,949	1,639
Decrease in assumption (Rupees in thousand)	(7,485)	(19,744)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year except for certain changes as given in Note 9.3

9.6 Risks associated with defined benefit plan

Discount rate risk

The risk of changes in discount rate may have an impact on the defined benefit plan. Any increase in discount rate will reduce the liability and vice versa.

Salary increase / inflation risk

The increase in salary in future years being higher than assumed will increase the liability.

Mortality risk

Any increase in the mortality rates being assumed will increase the liability.

Withdraw risk

Any difference in the assumed withdrawal rates will have a corresponding impact on the liability depending on the benefits payable on withdrawal.

	2023	2022
	(RUPEES IN THOUSAND)	
10. TRADE AND OTHER PAYABLES		
Creditors (Note 10.1)	302,791	283,637
Accrued liabilities and other payables (Note 10.2)	492,404	343,385
Contract liabilities - unsecured	308,699	135,636
Income tax deducted at source	12,315	12,414
Sales tax payable	44,137	12,617
Workers' profit participation fund (Note 10.3)	6,613	17,656
Workers' welfare fund (Note 10.4)	14,109	12,005
	<u>1,181,068</u>	<u>817,350</u>

10.1	These include Rupees 0.693 million (2022: Rupees Nil) due to Bridgeline Global Logistics (Private) Limited, an associated company.		
		2023	2022
		(RUPEES IN THOUSAND)	
10.2	These include amounts due to following related parties:		
	Premier Insurance Limited - associated company	1,930	-
	Riaz and Company (1962, Private) Limited - associated company	67	-
		<u>1,997</u>	<u>-</u>
10.3	Workers' profit participation fund		
	Balance as on 01 July	17,656	21,509
	Add:		
	Provision for the year (Note 32)	6,613	17,656
	Interest for the year (Note 34)	1,175	1,535
		<u>25,444</u>	<u>40,700</u>
	Less: Payments made during the year	18,831	23,044
	Balance as on 30 June	<u>6,613</u>	<u>17,656</u>
10.3.1	Interest is accrued at prescribed rate under the Companies Profits (Workers Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.		
10.4	Workers' welfare fund		
	Balance as on 01 July	12,005	7,046
	Provision for the year (Note 32)	3,815	4,959
		<u>15,820</u>	<u>12,005</u>
	Less: Payment made during the year	1,711	-
	Balance as on 30 June	<u>14,109</u>	<u>12,005</u>
11.	ACCRUED MARK-UP		
	Long term financing	5,470	6,023
	Short term borrowings	13,071	28,415
		<u>18,541</u>	<u>34,438</u>
12.	SHORT TERM BORROWINGS		
	Holding Company		
	From banking company - secured		
	Cash finances (Note 12.1)	259,788	328,223
	Others - unsecured		
	Other related parties (Note 12.2)	300,817	281,757
	Temporary book overdrawn	-	64,073
		<u>300,817</u>	<u>345,830</u>
	Subsidiary Company	560,605	674,053
	Samba Bank Limited - secured (Note 12.3)	-	5,000
		<u>560,605</u>	<u>679,053</u>

- 12.1** These form part of total credit facility of Rupees 1,050 million (2022: Rupees 1,250 million) and carries mark-up at the rates of 1 month KIBOR plus 2.5 percent (2022: 1 month KIBOR plus 2 percent and 3 month KIBOR plus 2 percent) per annum. These are secured against charge, pledge and hypothecation over fixed and current assets of the Company and personal guarantee of Chief Executive Officer, Director and certain executives. The rate of mark-up ranges from 17.16 percent to 24.50 percent (2022: 3 percent to 17.32 percent) per annum during the year on the balances outstanding.
- 12.2** These represent interest free loans obtained from Chief Executive Officer, Directors and certain executives of the Company to meet the Company's working capital requirements. These are repayable on demand.
- 12.3** This represented overdue balance of long term loan obtained from Samba Bank Limited (SBL) which was secured against demand promissory note. It carried mark-up at the rate of 12 percent per annum. SBL filed a suit in Banking Court No. 2, Lahore for the recovery of Rupees 11.976 million. The case was dismissed in favor of the Company. Afterwards, the appeal filed by SBL in 2016 against the dismissal of above mentioned suit in Lahore High Court, Lahore was dismissed by the Lahore High Court, Lahore on 24 September 2019 due to non-prosecution of the case by SBL. However on 15 January 2020, SBL filed Regular First Appeal (RFA) in Lahore High Court, Lahore. This appeal was dismissed by the Lahore High Court, Lahore due to non-prosecution. Then SBL filed a restoration petition of its appeal which has also been dismissed on 20 September 2022. However, SBL demanded Rupees 3.543 million on account of an old lease facility of a generator obtained by the Company in 1997. This amount is now included in 'Trade and other payables' (Note 10). Moreover, this amount has subsequently been paid on 01 August 2023. After receiving payment, SBL issued No Objection Certificate on 21 August 2023. The balancing amount of Rupees 15.659 million previously shown in borrowings and accrued mark-up has been written back (Note 33).

2023 **2022**
(RUPEES IN THOUSAND)

13. CURRENT PORTION OF NON-CURRENT LIABILITIES

Current portion of long term financing (Note 8)	60,768	91,682
Current portion of deferred income - Government grant (Note 13.1)	-	298
Current portion of GIDC payable (Note 13.2)	59,017	61,947
	119,785	153,927

13.1 Current portion of deferred income - Government grant

Balance as on 01 July	298	3,159
Less: Amortization during the year (Note 33)	298	2,861
	-	298

13.2 Current Portion of Gas Infrastructure Development Cess (GIDC) payable

Balance as on 01 July	61,947	77,193
Add: Unwinding of discount on GIDC payable (Note 34)	58	2,683
Less: Payments made during the year	2,988	17,929
	59,017	61,947

- 13.2.1** This represents Gas Infrastructure Development Cess (GIDC) which was levied through GIDC Act, 2015. On 13 August 2020, Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. The Holding Company along with other industrial gas consumers has obtained interim relief from Lahore High Court, Lahore against the charge of GIDC at the rate of captive power consumer instead of industrial consumer. This liability was recognized at amortized cost in accordance with IFRS 9 'Financial Instruments' by using effective interest rate of 9.16% per annum.
- 13.2.2** This amount is exclusive of GIDC amounting to Rupees 70.869 million, related to Spinning Unit No. 3 of the Holding Company which was sold during the year ended 30 June 2021 and as per the agreement, its liabilities were taken over by the new owner of the property. However, the provision of this amount has been included in 'trade and other payables' which will be written back after the confirmation of Sui Northern Gas Pipelines Limited (SNGPL) regarding transfer of liability of GIDC.

14. CONTINGENCIES AND COMMITMENTS

a) Contingencies

Holding Company

i) Certain additions have been made by the assessing officers in tax years 2006 and 2010 on various grounds and have created demand of Rupees 3.700 million (2022: Rupees 5.635 million). The Company, being aggrieved, has filed appeals with Lahore High Court, Lahore, which are still pending. Dates of the institution of above mentioned appeals were 05 September 2016 and 29 November 2014 respectively. No provision has been made in these consolidated financial statements against the aforesaid demand as the management is hopeful for positive outcome of the appeals filed by the Company.

ii) The Company filed a suit against Crescent Fibres Limited (CFL) for the recovery of Rupees 23.000 million (2022: Rupees 23.000 million) along with mark-up in Civil Court, Lahore. CFL filed an application seeking rejection of the suit but the said application was dismissed by Civil Court, Lahore. Against this rejection, CFL filed civil revision petition before Lahore High Court, Lahore on 08 October 2016 and under order of Lahore High Court, Lahore, the proceedings before Civil Court, Lahore were stayed. No provision against this receivable has been made in these consolidated financial statements as the management is hopeful that the case will be decided in favour of the Company and all the outstanding dues will be recovered.

iii) The Company has filed a suit in Lahore High Court, Lahore dated 15 October 2018 against the levy of cotton cess. However the related provision of Rupees 1.696 million (2022: Rupees 1.696 million) is not accounted for in these consolidated financial statements as the management is hopeful that the case will be decided in the favour of the Company.

iv) Cheques of Rupees 32.485 million (2022: Rupees 32.485 million) are issued to Nazir of The High Court of Sindh, Karachi as security against impugned gas rate difference suit, related to Spinning Unit No. 3 of the Company which was sold during the financial year ended 30 June 2021. If the outcome of the suit comes against the Company, cheques issued as security shall be encashable.

v) Guarantees of Rupees 62.864 million (2022: Rupees 74.998 million) are given by the banks of the Company to SNGPL and Lahore Electric Supply Company Limited against gas and electricity connections respectively.

vi) Holding Company's share in contingencies of associates accounted for under equity method is Rupees 3.593 million (2022: Rupees 3.573 million).

Subsidiary Company

vii) Sindh High Court, Karachi made decision on 04 June 2021 about the levy of Sindh Infrastructure Cess, against which the Company was contingently liable for Rupees 7.550 million although guarantees were submitted by the Company's Bank for the same amount. Against the decision, the Company lodged a constitution petition No. 11267 / 2021 dated 21 October 2021, in Supreme Court of Pakistan (SCP). Thereafter, on 10 November 2021, SCP allowed the petition, suspended the judgement of Sindh High Court, Karachi and leave to appeal was granted. However, the case is not yet fixed for hearing by SCP. On advice of legal counsel, in view of possible favorable outcome, no provision is accounted for in these consolidated financial statements.

b) Commitments

i) Letters of credit for capital expenditure of the Group are of Rupees Nil (2022: Rupees Nil).

ii) Letters of credit other than for capital expenditure of the Group are of Rupees 14.355 million (2022: Rupees 231.181 million).

	2023	2022
	(RUPEES IN THOUSAND)	
15. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 15.1)	5,646,537	5,071,133
Capital work-in-progress (Note 15.2)	-	641
	<u>5,646,537</u>	<u>5,071,774</u>

15.1 Operating fixed assets

	Land - Freehold	Buildings and roads	Plant and machinery	Stand-by equipment	Electric installations	Tools and equipment	Furniture and fixtures	Vehicles	Office equipment	Service equipment	Total
(RUPEES IN THOUSAND)											
At 30 June 2021											
Cost / revalued amount	4,116,781	256,084	1,005,138	183,551	68,228	19,657	13,618	25,019	13,215	1,105	5,702,396
Accumulated depreciation	-	(147,262)	(512,005)	(84,470)	(32,090)	(13,571)	(9,716)	(15,957)	(12,578)	(1,051)	(828,700)
Net book value	<u>4,116,781</u>	<u>108,822</u>	<u>493,133</u>	<u>99,081</u>	<u>36,138</u>	<u>6,086</u>	<u>3,902</u>	<u>9,062</u>	<u>637</u>	<u>54</u>	<u>4,873,696</u>
Year ended 30 June 2022											
Opening net book value	4,116,781	108,822	493,133	99,081	36,138	6,086	3,902	9,062	637	54	4,873,696
Revaluation surplus	146,597	-	-	-	-	-	-	-	-	-	146,597
Additions	-	-	48,361	69,167	691	-	1,369	19,881	155	-	139,624
Disposals:											
Cost	-	-	-	-	-	-	-	(8,223)	-	-	(8,223)
Accumulated depreciation	-	-	-	-	-	-	-	5,590	-	-	5,590
Depreciation charge	-	(10,640)	(52,069)	(15,674)	(3,665)	(609)	(434)	(2,633)	(344)	(16)	(86,151)
Closing net book value	<u>4,263,378</u>	<u>98,182</u>	<u>489,425</u>	<u>152,574</u>	<u>33,164</u>	<u>5,477</u>	<u>4,837</u>	<u>23,610</u>	<u>448</u>	<u>38</u>	<u>5,071,133</u>
At 30 June 2022											
Cost / revalued amount	4,263,378	256,084	1,053,499	252,718	68,919	19,657	14,987	36,677	13,370	1,105	5,980,394
Accumulated depreciation	-	(157,902)	(564,074)	(100,144)	(35,755)	(14,180)	(10,150)	(13,067)	(12,922)	(1,067)	(909,261)
Net book value	<u>4,263,378</u>	<u>98,182</u>	<u>489,425</u>	<u>152,574</u>	<u>33,164</u>	<u>5,477</u>	<u>4,837</u>	<u>23,610</u>	<u>448</u>	<u>38</u>	<u>5,071,133</u>
Year ended 30 June 2023											
Opening net book value	4,263,378	98,182	489,425	152,574	33,164	5,477	4,837	23,610	448	38	5,071,133
Revaluation surplus (Note 6.1)	642,909	-	-	-	-	-	-	-	-	-	642,909
Additions	-	-	-	-	-	-	-	24,967	42	-	25,009
Disposals:											
Cost	-	-	(15,882)	-	-	-	-	(11,848)	-	-	(27,730)
Accumulated depreciation	-	-	15,679	-	-	-	-	2,673	-	-	18,352
Depreciation charge	-	(9,588)	(49,049)	(15,278)	(3,316)	(549)	(484)	(4,636)	(225)	(11)	(83,136)
Closing net book value	<u>4,906,287</u>	<u>88,594</u>	<u>440,173</u>	<u>137,296</u>	<u>29,848</u>	<u>4,928</u>	<u>4,353</u>	<u>34,765</u>	<u>265</u>	<u>27</u>	<u>5,646,537</u>
At 30 June 2023											
Cost / revalued amount	4,906,287	256,084	1,037,617	252,718	68,919	19,657	14,987	49,796	13,412	1,105	6,620,582
Accumulated depreciation	-	(167,490)	(597,444)	(115,422)	(39,071)	(14,729)	(10,634)	(15,030)	(13,147)	(1,078)	(974,045)
Net book value	<u>4,906,287</u>	<u>88,594</u>	<u>440,173</u>	<u>137,296</u>	<u>29,848</u>	<u>4,928</u>	<u>4,353</u>	<u>34,766</u>	<u>265</u>	<u>27</u>	<u>5,646,537</u>
Annual rate of depreciation (%)	-	5, 10	10, 15	10, 20	10	10, 12	10	20	50	10, 25, 50	

15.1.1 The book value of freehold land on cost basis is Rupees 93.209 million (2022: Rupees 93.209 million).

15.1.2 Forced sales value of freehold land as at 30 June 2023 was Rupees 4,170.344 million.

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

	2023	2022
	(RUPEES IN THOUSAND)	
Cost of sales (Note 29)	77,517	81,891
Administrative expenses (Note 31)	5,619	4,260
	83,136	86,151

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

Particulars	Location	Area of land	Covered Area of building
		Acers	Sq.ft.
Head office and manufacturing facility of embroidery	New Lahore Road, Nishatabad, Faisalabad, Punjab 87.20	86.58	80 214
Manufacturing facility of Spinning and Hosiery	Chak No. 44 R.B., Kotla Kahlawan, Tehsil Shahkot, District Nankana Sahib, Punjab 48.33	44.74	381 863
Manufacturing facility of Spinning	45-Km Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab 12.29	12.29	178 417

15.1.5 During the year, area of land and covered area of building of certain properties have been reassessed by the Company and disclosed accordingly.

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

Description	Quantity	Cost	Accumulate	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchasers
----- (RUPEES IN THOUSAND) -----								
Vehicle								
Fortuner BW-0700	1	10,284	1,243	9,041	10,256	1,215	Insurance claim	Askari General Insurance Company Limited, Karachi
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		17,446	17,109	337	2,359	2,022		
		27,730	18,352	9,378	12,615	3,237		

15.2 CAPITAL WORK-IN-PROGRESS

	2023				2022			
	Balance as at 01 July 2022	Additions	Transfer to operating fixed assets	Balance as at 30 June 2023	Balance as at 01 July 2021	Additions	Transfer to operating fixed assets	Balance as at 30 June 2022
----- RUPEES IN THOUSAND -----								
Buildings and roads	641	(641)	-	-	641	-	-	641
Plant and machinery	-	-	-	-	6,926	41,435	(48,361)	-
Vehicles	-	-	-	-	2,290	79	(2,369)	-
Stand-by equipment	-	-	-	-	55,207	13,733	(68,940)	-
	641	(641)	-	-	65,064	55,247	(119,670)	641

16. INVESTMENT PROPERTIES

Freehold land and buildings (Note 16.1)	545,263	496,171
Advance against purchase of investment property (Note 16.2)	104,828	-
	650,091	496,171

16.1 Freehold land and buildings

Balance as on 01 July	496,171	267,729
Add:		
Fair value gain during the year (Note 33)	49,092	-
Addition during the year	-	236,153
	545,263	503,882
Less: Fair value loss during the year	-	7,711
Balance as on 30 June	545,263	496,171

- 16.1.1** The fair value of investment properties of the Holding Company comprising freehold land and buildings thereon at New Lahore Road, Nishatabad, Faisalabad, Punjab, given on rent, has been determined on 21 June 2023 by an independent valuer, Messrs Evaluation Focused Consulting. The investment properties of the Holding Company comprise of 4.38 acres having covered area of 184 128 square feet. No expenses directly related to these investment properties were incurred during the year. Forced sales value of these investment properties is Rupees 248.424 million (2022: Rupees 221.015 million).
- 16.1.2** The fair value of investment property of Subsidiary Company comprising freehold land of 46 Kanals at Moaza Hadiyara, Tehsil Lahore Cantt, District Lahore, Punjab, held for capital appreciation, has been determined on 30 June 2023 by Messrs Sadruddin Associates (Private) Limited, an independent valuer. Forced sale value of this investment property as on the reporting date is Rupees 202.400 million.

16.2 Advance against purchase of investment property

This represents advance against purchase of freehold land as mentioned in Note 18.2.

17. INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES

17.1 Reconciliation of investments in associates under equity method:

	Jubilee Spinning & Weaving Mills Limited		Premier Insurance Limited		Total	
	2023	2022	2023	2022	2023	2022
	(RUPEES IN THOUSAND)					
Cost	427	427	75	75	502	502
Share of post acquisition reserves:						
As at 01 July	2,216	2,130	882	909	3,098	3,039
Share of profit / (loss) after income tax	642	76	(957)	(165)	(315)	(89)
Share of other comprehensive income	89	10	-	138	89	148
Dividend received	-	-	-	-	-	-
As at 30 June	731	86	(957)	(27)	(226)	59
	2,947	2,216	(75)	882	2,872	3,098
	3,374	2,643	-	957	3,374	3,600

- 17.1.1** The share of loss in Premier Insurance Limited exceeded its total carrying amount by Rupees 1.905 million. Therefore the excess amount is not recognized in these consolidated financial statements.

17.2 Summarized statement of financial position

	Jubilee Spinning & Weaving Mills Limited		Premier Insurance Limited	
	As at 30 June 2022	As at 30 June 2021	As at 31 December 2022	As at 31 December 2021
	(RUPEES IN THOUSAND)			
Current assets	139,616	145,026	1,404,831	1,725,841
Non-current assets	775,401	719,194	1,439,095	1,753,516
Total assets	915,017	864,220	2,843,926	3,479,357
Current liabilities	177,032	176,410	1,972,800	2,129,067
Non-current liabilities	14,604	14,500	15,714	17,908
Total liabilities	191,636	190,910	1,988,514	2,146,975
Net assets	723,381	673,310	855,412	1,332,382
Reconciliation to carrying amounts:				
Opening balance	673,310	667,444	1,332,382	1,336,908
Profit / (loss) after income tax	43,985	5,177	(190,265)	(27,534)
Other comprehensive income / (loss)	6,086	689	(286,705)	23,008
Closing balance	723,381	673,310	855,412	1,332,382
Group's share (%)	1.46%	1.46%	0.60%	0.60%
Carrying amount	3,374	2,643	-	957

17.3 Summarized statement of comprehensive income

Revenue	4,960	2,862	288,183	246,737
Profit / (loss) for the year	43,985	5,177	(190,265)	(27,534)
Other comprehensive income for the year	6,086	689	(286,705)	23,008
Total comprehensive income / (loss)	50,071	5,866	(476,970)	(4,526)

17.4 All companies are associated companies due to common directorship.

17.5 Interests in equity accounted associates

Name of associated company	Country of incorporation	% of ownership interest		Measurement method	Quoted fair value		Carrying amount	
		2023	2022		2023	2022	2023	2022
(RUPEES IN THOUSAND)								
Jubilee Spinning and Weaving Mills Limited (Note 17.5.1)	Pakistan	1.46%	1.46%	Equity method	1,228	1,451	3,374	2,643
Premier Insurance Limited (Note 17.5.2)	Pakistan	0.60%	0.60%	Equity method	1,517	1,317	-	957

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

17.5.2 Premier Insurance Limited is engaged in general insurance business.

	2023	2022
	(RUPEES IN THOUSAND)	
18. OTHER LONG TERM INVESTMENTS		
At fair value through other comprehensive income (Note 18.1)	3,891	4,931
Deposit for shares (Note 18.2)	-	80,000
	3,891	84,931
18.1 At fair value through other comprehensive income		
Holding Company		
Quoted		
Crescent Fibers Limited 71 820 (2022: 71 820) ordinary shares of Rupees 10 each fully paid. Equity held 0.58% (2022: 0.58%)	615	615
Security Papers Limited 522 (2022: 522) ordinary shares of Rupees 10 each fully paid.	1	1
Unquoted		
Crescent Modaraba Management Company Limited 119 480 (2022: 119 480) ordinary shares of Rupees 10 each fully paid. Equity held 6.52% (2022: 6.52%)	285	285
Crescent Bahuman Limited 1 043 988 (2022: 1 043 988) ordinary shares of Rupees 10 each fully paid. Equity held 0.77% (2022: 0.77%)	-	-
Crescent Spinning Mills Limited 696 000 (2022: 696 000) ordinary shares of Rupees 10 each fully paid. Equity held 4.59% (2022: 4.59%)	-	-
Premier Financial Services (Private) Limited 2 500 (2022: 2 500) ordinary shares of Rupees 1,000 each fully paid. Equity held 11.11% (2022: 11.11%)	873	873
	1,774	1,774
Add: Fair value adjustment	2,171	3,157
	3,891	4,931

18.2 Deposit for shares

Subsidiary Company

As per the resolution by circulation of the Subsidiary Company's Board of Directors on 14 January 2022, it was decided to invest in 66 666 shares of a company, Paymentsfusion (Private) Limited (PPL) for undertaking a country club / farm house project. Full amount against these shares of Rupees 80 million was paid to PPL. However, due to delay in the issuance of shares, the Subsidiary Company in consent with PPL decided to acquire 33% of the land already purchased by PPL at Deh Bhanero, Tapo Babra, Tehsil Mirpur Sakro, District Thatta, Sindh. Out of total area, the share of the Subsidiary Company is almost 40 Acres. Sale deed has been signed between the Subsidiary Company and PPL on 05 May 2023 and Rupees 24.828 million have been further transferred to PPL uptill 30 June 2023. The transaction will be finalized in next financial year. After the effect of this transaction, the total amount of Rupees 104.828 million has been transferred as advance against investment property in Note 16.2.

2023 **2022**
(RUPEES IN THOUSAND)

19. LONG TERM ADVANCES

Considered good:

Employees	430	835
Less: Current portion shown under current assets (Note 24)	306	646
	<u>124</u>	<u>189</u>

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

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

20. DEFERRED INCOME TAX ASSET

Taxable temporary difference

Accelerated tax depreciation	(94,871)	(108,281)
Fair value reserve of investments	-	(6,255)
	<u>(94,871)</u>	<u>(114,536)</u>

Deductible temporary differences

Unused tax losses and minimum tax	100,878	86,943
Deferred income - Government grant	-	82
Provision for GIDC	14,957	17,068
Staff retirement gratuity	24,782	44,747
Investments in associates	506	540
Provision for doubtful receivables	6,322	5,458
	<u>147,445</u>	<u>154,838</u>
	<u>52,574</u>	<u>40,302</u>

	2023	2022
	(RUPEES IN THOUSAND)	
20.1 Movement in deferred income tax asset balance is as follows:		
Opening balance	40,302	47,103
Add / (less):		
- accelerated tax depreciation	13,410	(6,968)
- staff retirement gratuity	(19,965)	6,855
- provision for GIDC	(2,111)	(3,669)
- deferred income - Government grant	(82)	(767)
- provision for doubtful receivables	864	1,040
- fair value reserve of investments	6,255	(6,255)
- investment in associates	(34)	84
- unused tax losses and minimum tax	13,935	2,879
Net movement of temporary differences (Note 20.1.1)	12,272	(6,801)
Closing balance	<u>52,574</u>	<u>40,302</u>
20.1.1 Charged to the consolidated statement of profit or loss:		
Net movement of temporary differences (Note 20.1)	(12,272)	6,801
Recognised in statement of other comprehensive income:		
- experience adjustment on staff retirement gratuity	(3,677)	1,501
- unrealized gain on investments at FVTOCI	6,255	(6,255)
	2,578	(4,754)
Charged to the consolidated statement of profit or loss (Note 35)	<u>(9,694)</u>	<u>2,047</u>

20.1.2 Deductible temporary differences are considered to the extent that the realization of related tax benefits is probable from reversals of existing taxable temporary differences and future taxable profits.

20.1.3 Tax losses of the Holding Company available for carry forward as at 30 June 2023 are of Rupees 116.012 million representing unabsorbed depreciation (2022: Rupees 215.465 million). Total minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 as at 30 June 2023 is of Rupees 303.427 million, while deferred income tax asset is recognized on minimum tax to the extent of Rupees 67.234 million.

20.1.4 The minimum tax would expire as follows:

Accounting year to which the minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	RUPEES IN THOUSAND	
2023	63,215	2026
2022	54,759	2025
2021	20,483	2026
2020	77,248	2025
2019	87,722	2024
	<u>303,427</u>	

	2023	2022
	(RUPEES IN THOUSAND)	
21. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	27,001	34,587
Spare parts	45,297	40,311
Loose tools	259	84
	<u>72,557</u>	<u>74,982</u>
22. STOCK-IN-TRADE		
Raw materials (Note 22.1 and Note 22.2)	258,609	354,526
Work-in-process	66,011	77,012
Finished goods (Note 22.3)	336,079	263,192
Waste	4,927	917
	<u>665,626</u>	<u>695,647</u>
22.1	Raw materials include stock in transit of Rupees 14.512 million (2022: Rupees 26.489 million).	
22.2	These include stock of Rupees 48.478 million (2022: Rupees Nil) sent to outside parties for conversion.	
22.3	These include stock of Rupees 35.377 million (2022: Rupees 91.550 million) sent to outside parties for processing.	
22.4	Stock-in-trade of Rupees 4.927 million (2022: Rupees 38.675 million) is being carried at net realizable value.	
22.5	The aggregate amount of write-down of stock-in-trade to net realizable value recognized as an expense during the year was Rupees Nil (2022: Rupees 3.105 million).	
23. TRADE DEBTS		
Considered good:		
Unsecured	482,069	518,837
Less: Allowance for expected credit losses (Note 23.4)	4,616	5,072
	<u>477,453</u>	<u>513,765</u>
23.1	As at 30 June 2023, trade debts of Rupees 146.540 million (2022: Rupees 352.557 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:	
Upto 1 month	79,278	120,851
1 to 6 months	46,169	181,022
More than 6 months	21,093	50,684
	<u>146,540</u>	<u>352,557</u>
23.2	Trade debts in respect of foreign and local jurisdictions are as follows:	
Algeria	-	24,256
Czech Republic	64,459	18,904
Ghana	-	60,528
Hong Kong	269,219	11,210
Pakistan	33,368	320,130
Spain	92,870	62,708
United Kingdom	17,537	-
United States of America	-	16,029
	<u>477,453</u>	<u>513,765</u>

- 23.3** Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 30 to 45 days from delivery in case of local sales, and 30 to 180 days in case of export sales.

	2023	2022
	(RUPEES IN THOUSAND)	
23.4 Allowance for expected credit losses		
Balance as on 01 July	5,072	7,327
Add: Recognized during the year	-	1,763
	5,072	9,090
Recovered during the year (Note 33)	(456)	(5,615)
As at 30 June	4,616	3,475
24. LOANS AND ADVANCES		
Considered good:		
Employees - interest free:		
Against expenses		
- Executive (Note 24.1)	2,950	5,197
- Other employees	5,311	4,269
	8,261	9,466
Against salary		
- Other employees	882	413
	9,143	9,879
Current portion of long term advances (Note 19)	306	646
Advances to suppliers / contractors / service providers (Note 24.2)	51,390	41,843
Letters of credit	26	667
Prepayments	2,620	1,944
	63,485	54,979
Less: Provision for doubtful loans and advances (Note 24.3)	5,216	2,975
	58,269	52,004

- 24.1** This amount was paid to the Chief Executive Officer of the Subsidiary Company against expenses. This advance is unsecured and not past due. Maximum aggregate balance at the end of any month during the year was Rupees 5.197 million (2022: Rupees 5.197 million).

- 24.2** These include Rupees Nil (2022: Rupees 0.285 million) due from Premier Insurance Limited, a related party. This balance was neither past due nor impaired. The maximum aggregate amount due at the end of any month during the year was Rupees Nil (2022: Rupees 0.285 million).

	2023	2022
	(RUPEES IN THOUSAND)	
24.3 Provision for doubtful loans and advances		
Balance as at 01 July	2,975	-
Add: Recognized during the year (Note 32)	2,241	2,975
As at 30 June	<u>5,216</u>	<u>2,975</u>
25. SHORT TERM DEPOSITS AND OTHER RECEIVABLES		
Considered good:		
Deposits	2,796	1,712
Sales tax and excise duty refundable	515,928	282,655
Profit on deposits with banks receivable	2,917	1,015
Duty drawback and export rebate	7,507	6,371
Others	64,365	63,616
	<u>593,513</u>	<u>355,369</u>
Less: Allowance for doubtful other receivables	<u>11,968</u>	<u>11,760</u>
	<u>581,545</u>	<u>343,609</u>
25.1 Provision for doubtful other receivables		
Balance as at 01 July	11,760	11,760
Add: Recognized during the year (Note 32)	208	-
As at 30 June	<u>11,968</u>	<u>11,760</u>
26. SHORT TERM INVESTMENTS		
At fair value through other comprehensive income (Note 26.1)	131,369	156,312
At fair value through profit or loss (Note 26.2)	118	9,132
	<u>131,487</u>	<u>165,444</u>
26.1 At fair value through other comprehensive income		
Quoted		
Samba Bank Limited 2 579 313 (2022: 2 579 313) ordinary shares of Rupees 10 each fully paid. Equity held 0.26% (2022: 0.26%)	7,091	7,091
Crescent Steel and Allied Products Limited 76 (2022: 76) ordinary shares of Rupees 10 each fully paid.	1	1
The Crescent Textile Mills Limited 4 734 863 (2022: 4 734 863) ordinary shares of Rupees 10 each fully paid. Equity held 4.73% (2022: 4.73%)	90,550	90,550
Shakarganj Limited 1 143 693 (2022: 1 143 693) ordinary shares of Rupees 10 each fully paid. Equity held 0.91% (2022: 0.91%)	40,601	40,601
	<u>138,243</u>	<u>138,243</u>
Add: Fair value adjustment	(6,874)	18,069
	<u>131,369</u>	<u>156,312</u>

2023 **2022**
(RUPEES IN THOUSAND)

26.2 At fair value through profit or loss

Faysal Money Market Fund	<u>118</u>	<u>9,132</u>
1 151.6292 Units (2022: 89 419.122 Units)		

27. CASH AND BANK BALANCES

With banks:

On current accounts	51,075	64,287
On PLS account (Note 27.1)	96	453
Term Deposit Receipts (TDRs) (Note 27.2)	<u>110,000</u>	<u>97,000</u>

	161,171	161,740
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Cash in hand	404	984
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	<u>161,575</u>	<u>162,724</u>
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27.1 Rate of mark-up on PLS account was ranging from 13.50% to 20.50% (2022: 5.50% to 13.50%)

27.2 These represent term deposit receipts with maturity period of 3 months and carry profit at the rate of 11.40% to 15.85% (2022: 5.60% to 11.40%) per annum.

28. REVENUE FROM CONTRACTS WITH CUSTOMERS

Local sales (Note 28.1)	5,948,773	5,809,796
Export sales (Note 28.2)	748,240	1,648,488
Export rebate and duty drawback	4,415	9,558

	<u>6,701,428</u>	<u>7,467,842</u>
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28.1 Local sales

Yarn	6,468,610	6,249,022
Hosiery	13,497	632
Home textiles	5,278	-
Raw materials	440,473	517,174
Waste	56,005	36,416

	6,983,863	6,803,244
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Less: Sales tax	1,035,090	993,448
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	<u>5,948,773</u>	<u>5,809,796</u>
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28.2 Export sales

Yarn sale to customer having Duty and Tax Remission for Exports (DTRE)	171,121	370,210
Cloth	-	287,075
Hosiery	163,620	124,626
Home textiles	413,499	866,577

	<u>748,240</u>	<u>1,648,488</u>
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2023 **2022**
(RUPEES IN THOUSAND)

28.3 Sales in respect of foreign and local jurisdictions is as follows:

Algeria	-	24,256
Austria	9,497	7,319
Belgium	-	16,776
Czech Republic	71,831	561,577
France	18,721	-
Ghana	74,836	326,676
Hong Kong	-	23,105
Italy	65,533	-
Japan	5,920	-
Morocco	-	12,394
Pakistan	5,948,773	5,809,796
Qatar	-	4,859
Romania	5,322	-
Spain	33,518	178,004
Switzerland	24,069	-
United Kingdom	107,999	-
United States of America	164,288	132,870
Others - DTREs	171,121	370,210
	<u>6,701,428</u>	<u>7,467,842</u>

28.4 The Group has recognized revenue of Rupees 80.625 million (2022: Rupees 72.367 million) from amounts included in contract liabilities at the year end.

28.5 The revenue is recognized at the point in time as per the terms and conditions of underlying contracts with customers.

2023 **2022**
(RUPEES IN THOUSAND)

29. COST OF SALES

Raw materials consumed	3,660,158	4,239,733
Salaries, wages and other benefits (Note 29.1)	339,611	426,071
Stores, spare parts and loose tools consumed	229,284	258,415
Fuel and power	1,269,993	934,014
Outside weaving / processing / stitching charges	143,444	340,603
Other manufacturing overheads	26,290	25,741
Insurance	11,603	10,145
Repair and maintenance	5,332	4,778
Depreciation (Note 15.1.3)	77,517	81,891
	5,763,232	6,321,391
Work-in-process		
Opening stock	77,012	30,777
Closing stock	(66,011)	(77,012)
	11,001	(46,235)
Cost of goods manufactured	5,774,233	6,275,156
Finished goods		
Opening stock	264,109	161,872
Closing stock	(341,006)	(264,109)
	(76,897)	(102,237)
	5,697,336	6,172,919
Cost of goods purchased for resale	509,892	540,945
	6,207,228	6,713,864

29.1 Salaries, wages and other benefits include staff retirement benefit amounting to Rupees 33.444 million (2022: Rupees 29.932 million).

30. DISTRIBUTION COST

Freight and forwarding	36,159	83,922
Commission to selling agents	15,454	34,529
Insurance	773	672
Loading and handling	8,070	8,342
Others	1,251	2,663
	61,707	130,128

2023 **2022**
(RUPEES IN THOUSAND)

31. ADMINISTRATIVE EXPENSES

Salaries and other benefits (Note 31.1)	170,080	138,117
Workers' welfare	3,796	3,015
Traveling and conveyance	4,714	7,369
Insurance	2,819	2,064
Rent, rates and taxes (Note 31.2)	7,046	6,309
Entertainment	3,592	2,904
Fee and subscription	3,044	2,730
Communication	3,158	2,961
Vehicles' running	28,439	21,199
Repair and maintenance	10,854	8,751
Utilities	7,268	4,832
Printing and stationery	2,431	2,349
Books and periodicals	17	81
Advertisement	92	28
 Auditor's remuneration:		
Statutory audit - standalone	1,800	1,650
Statutory audit - consolidation	200	200
Other certifications including half yearly review	460	545
Out of pocket expenses	60	45
	2,520	2,440
 Legal and professional	2,147	5,686
Miscellaneous	4,308	5,530
Depreciation (Note 15.1.3)	5,619	4,260
	261,944	220,625

31.1 Salaries and other benefits include staff retirement benefit amounting to Rupees 19.931 million (2022: Rupees 18.543 million).

31.2 These include Rupees 3.214 million (2022: Rupees 2.972 million) in respect of short term leases.

32. OTHER EXPENSES

Donations (Note 32.1)	1,000	48
Workers' profit participation fund (Note 10.3)	6,613	17,656
Stores, spare parts and loose tools written off	-	592
Loss on remeasurement of fair value of investment properties	-	7,711
Allowance for expected credit losses	-	2,439
Provision for doubtful loans and advances (Note 24.3)	2,241	2,975
Provision for doubtful other receivables (Note 25.1)	208	-
Workers' welfare fund (Note 10.4)	3,815	4,959
	13,877	36,380

2023 2022
(RUPEES IN THOUSAND)

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

33. OTHER INCOME

Income from financial assets

Net exchange gain	51,218	27,328
Reversal of allowance for expected credit losses (Note 23.4)	456	842
Profit on PLS account and TDRs	17,194	12,294
Gain on sale of investment at FVTPL	918	3,785
Dividend income (Note 33.1)	5,875	6,358
	75,661	50,607

Income from non-financial assets

Rental income	36,720	32,061
Scrap sales	1,252	1,368
Gain on sale of property, plant, equipment	3,237	3,689
Amortization of deferred grant (Note 13.1)	298	2,861
Others	111	340
Credit balances written back (Note 12.3)	15,659	-
Gain on remeasurement of fair value of investment properties (Note 16.1)	49,092	-
	106,369	40,319
	182,030	90,926

33.1 Dividend income

Crescent Fibers Limited	4,735	108
Samba Bank Limited	-	1,547
Security Papers Limited	5	5
Faysal Money Market Fund	1,135	4,698
	5,875	6,358

34. FINANCE COST

Mark-up / interest on:

Long term financing	23,075	26,351
Short term borrowings	81,587	61,366
Workers' profit participation fund (Note 10.3)	1,175	1,535
Unwinding of discount on GIDC payable (Note 13.2)	58	2,683
Bank charges and commission	4,433	7,576
	110,328	99,511

35. TAXATION

Current:

For the year
Prior year

2023 **2022**
(RUPEES IN THOUSAND)

86,221 88,675
868 1,684

87,089 90,359

Deferred (Note 20.1.1)

(9,694) 2,047

77,395 **92,406**

36. EARNINGS PER SHARE - BASIC AND DILUTED

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

2023 **2022**

Profit attributable to ordinary shareholders
of the Holding Company (Rupees in thousand)

138,401 260,086

Weighted average number of ordinary shares
of the Holding Company (Numbers)

22 660 126 **22 660 126**

Earnings per share (Rupees)

6.11 11.48

2023 2022
(RUPEES IN THOUSAND)

37. CASH (USED IN) / GENERATED FROM OPERATIONS

Profit before taxation	228,059	358,171
Adjustments for non cash charges and other items:		
Depreciation	83,136	86,151
Provision for staff retirement gratuity	53,375	48,475
Gain on sale of property, plant and equipment	(3,237)	(3,689)
(Gain) / loss on remeasurement of fair value of investment properties	(49,092)	7,711
Profit on PLS account and TDRs	(17,194)	(1,015)
Provision for doubtful loans and advances	2,241	2,975
Provision for doubtful other receivables	208	-
Stores, spare parts and loose tools written off	-	592
Gain on sale of investment at fair value through profit or loss	(918)	(3,785)
Share of loss from equity accounted associates	315	89
(Reversal of allowance) / allowance for expected credit losses - net	(456)	1,597
Amortization of deferred grant	(298)	(2,861)
Credit balances written back	(15,659)	-
Finance cost	110,328	99,511
Working capital changes (Note 37.1)	172,447	(663,474)
	<u>563,255</u>	<u>(69,552)</u>

37.1 Working capital changes

Decrease / (increase) in current assets

Stores, spare parts and loose tools	2,425	(9,096)
Stock-in-trade	30,021	(207,560)
Trade debts	36,768	(320,843)
Loans, advances and prepayments	(8,506)	(36,904)
Short term deposits and other receivables	(235,826)	(189,471)
	(175,118)	(763,874)
Increase in trade and other payables	347,565	125,634
	<u>172,447</u>	<u>(638,240)</u>

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

2023				
	Long term financing	Short term financing	Unclaimed dividend	Total
----- (RUPEES IN THOUSAND) -----				
Balance as at 01 July	202,671	679,053	3,970	885,694
Other charges - non-cash movement	298	-	-	298
Short term borrowings - net	-	(118,448)	-	(118,448)
Repayment of financing	(87,708)	-	-	(87,708)
Dividend declared	-	-	16,995	16,995
Dividend paid	-	-	(16,788)	(16,788)
Balance as at 30 June	<u>115,261</u>	<u>560,605</u>	<u>4,177</u>	<u>680,043</u>
2022				
	Long term financing	Short term financing	Unclaimed dividend	Total
----- (RUPEES IN THOUSAND) -----				
Balance as at 01 July	307,047	373,704	3,971	684,722
Financing obtained	9,742	-	-	9,742
Other charges - non-cash movement	2,861	-	-	2,861
Short term borrowings obtained - net	-	305,349	-	305,349
Repayment of financing	(116,979)	-	-	(116,979)
Dividend paid	-	-	(1)	(1)
Balance as at 30 June	<u>202,671</u>	<u>679,053</u>	<u>3,970</u>	<u>885,694</u>

38. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Group comprise associated companies, other related parties and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties along with basis of relationship, other than those which have been specifically disclosed elsewhere in these consolidated financial statements is as follows:

Name of Company	Basis of relationship	Nature of transaction (RUPEES IN THOUSAND)	2023	2022
Associated companies				
Premier Insurance Limited	Common directorship	Insurance premium	15,792	12,965
		Dividend paid	159	-
Riaz and Company (1962, Private) Limited	Common directorship	Expenses paid on behalf of associated company	449	-
Bridgeline Global Logistics (Private) Limited	Common directorship	Transportation services received	6,018	-
Other related parties				
Directors and executives	Members of Board of Directors, their relatives and key management personnel	Loan received / (paid) - net Dividend paid	19,060 8,812	(8,914) -
Chief Executive Officer of the Subsidiary Company	Members of Board of Directors of Subsidiary Company	Advance adjusted / given - net	2,247	5,197

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

39. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements for remuneration including all benefits to Chief Executive Officer, directors and executives of the Holding Company is as follows:

	Chief Executive Officer		Directors		Executives	
	2023	2022	2023	2022	2023	2022
----- (RUPEES IN THOUSAND) -----						
Managerial remuneration	8,254	7,502	5,501	5,001	34,821	22,239
Allowances:						
Housing	3,714	3,376	2,476	2,251	15,709	10,008
Utilities	825	750	550	500	3,522	2,382
Group insurance	-	-	6	5	33	16
Reimbursable expenses	825	750	550	500	3,386	2,054
	13,618	12,378	9,083	8,257	57,471	36,699
Number of persons	1	1	1	1	10	5

39.1 Aggregate amount charged in these consolidated financial statements for meeting fee to five directors of the Holding Company (2022: five directors) was Rupees 640,000 (2022: Rupees 640,000).

39.2 The Chief Executive Officer, director and executives of the Holding Company are provided with Company maintained vehicles.

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

2023 **2022**
(NUMBER OF PERSONS)

40. NUMBER OF EMPLOYEES

Number of employees as on 30 June	1 160	1 259
Average number of employees during the year	1 125	1 266

41. ENTITY - WIDE INFORMATION

Previously, the Group was operating two segments, i.e. Textiles and Trading. However, due to reasons mentioned in Note 2.21, the Group has eliminated the Trading segment and hence, operating with single reportable segment.

All non-current assets of the Group as at reporting dates are located and operating in Pakistan. The Group's revenue is earned from a large mix of customers.

42. INTERESTS IN OTHER ENTITIES**Non-Controlling Interest (NCI)**

Set out below is summarized financial information for Crescot Mills Limited - Subsidiary Company that has non-controlling interest which is material to the Group. The amount disclosed for Subsidiary Company is before inter-company eliminations.

	2023	2022
	(RUPEES IN THOUSAND)	
Summarized statement of financial position		
Current assets	168,673	195,754
Current liabilities	(16,465)	(30,808)
Net current assets	152,208	164,946
Non-current assets	385,418	336,368
Non-current liabilities	(2,489)	(2,525)
Net non-current assets	382,929	333,843
Net assets	535,137	498,789
Accumulated non-controlling interest	181,144	168,841
Summarized statement of comprehensive income		
Revenue	482,937	386,581
Profit for the year	36,228	16,776
Other comprehensive income	119	-
Total comprehensive income	36,347	16,776
Profit allocated to non-controlling interest	12,263	5,679
Total comprehensive income allocated to non-controlling interest	12,303	5,679

2023 2022
(RUPEES IN THOUSAND)

Summarized cash flows

Cash flows generated from / (used in) operating activities	2,418	(51,034)
Cash flows used in investing activities	(9,568)	(326,342)
Cash flows from financing activities	-	-
Net decrease in cash and cash equivalents	<u>(7,150)</u>	<u>(377,376)</u>

2023 2022

43. PLANT CAPACITY AND ACTUAL PRODUCTION**Holding Company - Crescent Cotton Mills Limited****Spinning:**

100% plant capacity converted to 20s count	Kgs.	15 537 655	19 159 271
Actual production converted to 20s count	Kgs.	13 010 169	16 545 698

Hosiery and Home Textiles:

Capacity of such units cannot be determined due to nature of their operations.

43.1 Reason For Low Production

The capacity for the current year was altered because Spinning Unit No. 4 was partially closed for 43 days collectively during the year due to various reasons including non-availability of raw materials at feasible price and other operational factors. Moreover the variation in planned production of yarn counts also changed the capacity. The reasons for low production include normal repair and maintenance and power shut down / jerks.

44. FINANCIAL RISK MANAGEMENT

44.1 Financial risk factors

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

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

a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Group's exposure to currency risk was as follows:

	2023	2022
Trade debts - USD	402,523	942,257
Trade debts - GBP	254,598	-

Following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	249.48	181.65
Reporting date rate	286.60	205.50

Rupees per GBP

Average rate	294.50	-
Reporting date rate	364.77	-

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 9.596 million (2022: Rupees 8.924 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

Sensitivity analysis

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

Index	Impact on statement of other comprehensive income (fair value reserve)	
	2022	2021
	(RUPEES IN THOUSAND)	
PSX 100 (5% increase)	6,594	6,893
PSX 100 (5% decrease)	(6,594)	(6,893)

Equity (fair value reserve) would increase / (decrease) as a result of gain / losses on equity instruments classified as fair value through other comprehensive income.

(iii) Interest rate risk

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

The Group's interest rate risk mainly arises from long term financing, short term borrowings, PLS account in bank and TDRs. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rate expose the Group to fair value interest rate risk.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

2023 2022
(RUPEES IN THOUSAND)

Fixed rate instruments

Financial assets

Term deposit receipts	110,000	97,000
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Financial liabilities

Long term financing	42,790	78,011
---------------------	--------	--------

Floating rate instruments

Financial assets

Bank balance - PLS deposit account	96	453
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Financial liabilities

Long term financing	72,471	124,660
Short term borrowings	259,788	328,223

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 3.092 million (2022: Rupees 4.212 million) lower / higher mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming that amounts of financial instruments outstanding at reporting dates were outstanding for the whole year.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Investments	135,378	170,375
Loans and advances	1,312	1,248
Deposits	6,701	5,897
Trade debts	477,453	513,765
Other receivables	54,423	51,980
Bank balances	161,171	161,740
	836,438	905,005

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period limit for each type of customers in order to reduce the credit risk.

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

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

	Rating			2023	2022
	Short Term	Long Term	Agency	(RUPEES IN THOUSAND)	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	2,360	5,771
Allied Bank Limited	A1+	AAA	PACRA	101	158
Bank Alfalah Limited	A1+	AA+	PACRA	515	10,891
Habib Bank Limited	A-1+	AAA	VIS	14,351	412
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	3,474	6,806
MCB Bank Limited	A1+	AAA	PACRA	375	9,276
United Bank Limited	A-1+	AAA	VIS	6,558	4,629
Askari Bank Limited	A1+	AA+	PACRA	241	10
Bank Al-Habib Limited	A1+	AAA	PACRA	1,187	5,349
The Bank of Punjab	A1+	AA+	PACRA	5,444	365
JS Bank Limited	A1+	AA-	PACRA	111,027	116,972
Faysal Bank Limited	A1+	AA	PACRA	1,708	637
Sindh Bank Limited	A-1	A+	VIS	214	268
Meezan Bank Limited	A-1+	AAA	VIS	13,581	161
MCB Islamic Bank Limited	A1	A	PACRA	35	35
				<u>161,171</u>	<u>161,740</u>

The Group's exposure to credit risk and allowances for expected credit losses related to trade debts is disclosed in Note 23.

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

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2023, the Company had Rupees 790.212 million (2022: Rupees 921.777 million) available borrowing limits from financial institutions and Rupees 161.575 million (2022: Rupees 162.724 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the tables are undiscounted cash flows.

Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
-----------------	------------------------	------------------	-------------	-----------	-------------------

----- RUPEES IN THOUSAND -----

Contractual maturities of financial liabilities as at 30 June 2023:

Non-derivative financial liabilities:

Long term financing	115,261	123,250	36,813	25,796	29,026	31,615
Trade and other payables	795,195	795,195	795,195	-	-	-
Unclaimed dividend	4,177	4,177	4,177	-	-	-
Accrued mark-up	18,541	18,541	18,541	-	-	-
Short term borrowings	560,605	591,133	591,133	-	-	-
	<u>1,493,779</u>	<u>1,532,296</u>	<u>1,445,859</u>	<u>25,796</u>	<u>29,026</u>	<u>31,615</u>

Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
-----------------	------------------------	------------------	-------------	-----------	-------------------

----- RUPEES IN THOUSAND -----

Contractual maturities of financial liabilities as at 30 June 2022:

Non-derivative financial liabilities:

Long term financing	202,671	220,340	66,889	39,816	59,142	54,493
Trade and other payables	627,022	627,022	627,022	-	-	-
Unclaimed dividend	3,970	3,970	3,970	-	-	-
Accrued mark-up	34,438	34,438	34,438	-	-	-
Short term borrowings	679,053	688,721	581,814	106,907	-	-
	<u>1,547,154</u>	<u>1,574,491</u>	<u>1,314,133</u>	<u>146,723</u>	<u>59,142</u>	<u>54,493</u>

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

Carrying amount of long term financing as at 30 June 2023 includes overdue installments of principal amounting to Rupees 4.271 million (2022: Rupees Nil).

44.2 Financial instruments by categories

Assets as per consolidated statement of financial position

	2023			2022				
	At amortized cost	At FVTPL	At FVTOCI	Total	At amortized cost	At FVTPL	At FVTOCI	Total
-----RUPEES IN THOUSAND-----								
Investments	-	118	135,260	135,378	-	9,132	161,243	170,375
Loans and advances	1,312	-	-	1,312	1,248	-	-	1,248
Deposits	6,701	-	-	6,701	5,897	-	-	5,897
Trade debts	477,453	-	-	477,453	513,765	-	-	513,765
Other receivables	54,423	-	-	54,423	51,980	-	-	51,980
Cash and bank balances	161,575	-	-	161,575	162,724	-	-	162,724
	<u>701,464</u>	<u>118</u>	<u>135,260</u>	<u>836,842</u>	<u>735,614</u>	<u>9,132</u>	<u>161,243</u>	<u>905,989</u>

2023	2022
Financial liabilities at amortized cost	
(RUPEES IN THOUSAND)	

Liabilities as per consolidated statement of financial position

Long term financing	115,261	202,671
Accrued mark-up	18,541	34,438
Short term borrowings	560,605	679,053
Trade and other payables	795,195	627,022
Unclaimed dividend	4,177	3,970
	<u>1,493,779</u>	<u>1,547,154</u>

44.3 Reconciliation of financial assets and financial liabilities to the line items presented in the consolidated statement of financial position is as follows:

	2023			2022		
	Financial assets	Other than financial assets	Total as per consolidated statement of financial position	Financial assets	Other than financial assets	Total as per consolidated statement of financial position
-----RUPEES IN THOUSAND-----						
Assets as per consolidated statement of financial position						
Long term deposits	3,905	-	3,905	4,185	-	4,185
Long term advances	124	-	124	189	-	189
Loans, advances and prepayments	1,188	57,081	58,269	1,248	50,756	52,004
Trade debts	477,143	-	477,143	513,765	-	513,765
Short term deposits and other receivables	54,423	527,122	581,545	53,692	289,917	343,609
Cash and bank balances	161,575	-	161,575	162,724	-	162,724
Investments	135,378	3,374	138,752	170,375	83,600	253,975
	<u>833,736</u>	<u>587,577</u>	<u>1,421,313</u>	<u>906,178</u>	<u>424,273</u>	<u>1,330,451</u>

2023			2022		
Financial liabilities	Other than financial liabilities	Total as per consolidated statement of financial position	Financial liabilities	Other than financial liabilities	Total as per consolidated statement of financial position

RUPEES IN THOUSAND

Liabilities as per statement of financial position

Long term financing	115,261	-	115,261	202,671	-	202,671
Trade and other payables	795,195	385,873	1,181,068	627,022	190,328	817,350
Unclaimed dividend	4,177	-	4,177	3,970	-	3,970
Accrued mark-up	18,541	-	18,541	34,438	-	34,438
Short term borrowings	560,605	-	560,605	679,053	-	679,053
	<u>1,493,779</u>	<u>385,873</u>	<u>1,879,652</u>	<u>1,547,154</u>	<u>190,328</u>	<u>1,737,482</u>

44.4 Capital risk management

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

		2023	2022
Borrowings	Rupees in thousand	675,866	881,724
Total equity	Rupees in thousand	6,636,729	5,869,302
Total capital employed	Rupees in thousand	<u>7,312,595</u>	<u>6,751,026</u>
Gearing ratio	Percentage	<u>9.24</u>	<u>13.06</u>

Increase in gearing ratio resulted primarily from increase in borrowings of the Group.

45. FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements At 30 June 2023	Level 1	Level 2	Level 3	Total
----- RUPEES IN THOUSAND -----				
Financial assets				
At fair value through other comprehensive income	134,387	-	873	135,260
At fair value through profit or loss	118	-	-	118
Total financial assets	<u>134,505</u>	<u>-</u>	<u>873</u>	<u>135,378</u>
Recurring fair value measurements At 30 June 2022	Level 1	Level 2	Level 3	Total
----- RUPEES IN THOUSAND -----				
Financial assets				
At fair value through other comprehensive income	160,370	-	873	161,243
At fair value through profit or loss	9,132	-	-	9,132
Total financial assets	<u>169,502</u>	<u>-</u>	<u>873</u>	<u>170,375</u>

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

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

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

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

Level 2: Inputs other than quoted prices involved within level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

(ii) Valuation techniques used to determine fair values

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

46. FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS**(i) Fair value hierarchy**

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

At 30 June 2023	Level 1	Level 2	Level 3	Total
	----- RUPEES IN THOUSAND -----			
Investment properties	-	545,263	-	545,263
Freehold land	-	4,906,287	-	4,906,287
Total non-financial assets	-----	5,451,550	-----	5,451,550
	----- RUPEES IN THOUSAND -----			
Investment properties	-	496,171	-	496,171
Freehold land	-	4,263,378	-	4,263,378
Total non-financial assets	-----	4,759,549	-----	4,759,549

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

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

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

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

Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's assets. Changes in fair values are analyzed in discussion between the management and the valuer. As part of this discussion the team presents report which explains the reason for the fair value movements.

47. DATE OF AUTHORIZATION

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

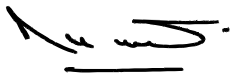
48. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified for better presentation, wherever necessary for the purpose of comparison. However, no significant reclassifications have been made except for the following:

PARTICULARS	RECLASSIFICATION		RUPEES IN THOUSAND
	FROM	TO	
Sales tax payable	Net off with sales tax and excise duty refundable in other receivables	Trade and other payables	12,617
Prepayments	Face of statement of financial position	Loans, advances and prepayments	1,944

49. GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

FORM OF PROXY Annual General Meeting

I/We _____ of _____ a member/members of **Crescent Cotton Mills Limited** and holder of _____ shares as per Folio # _____ /CDC Participant's ID # _____ and Sub Account # _____ /CDC Investor Account ID # _____ do hereby appoint _____ of _____ or failing him _____ of _____ who is also member of the Company vide Folio No. _____ /CDC Participant's ID # _____ and Sub Account # _____ /CDC Investor Account ID # _____ as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 09:30 a.m. on Saturday the October 28, 2023 at the Registered Office of the Company New Lahore Road, Nishatabad, Faisalabad and at any adjournment thereof.

As witness my hand this _____ day of _____ 2023.

Member's Signature

**Affix revenue stamps
of Rs. 5/-**

Witnesses:

Signature: _____

Name: _____

Address: _____

Signature: _____

Name: _____

Address: _____

Note:

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

کریسنٹ کٹن ملز لمیٹڈ پراکسی فارم (مختار نامہ)

میں/ہم

بجائیت رکن کریسنٹ کٹن ملز لمیٹڈ اور حامل حصص بمطابق فولیو نمبر _____

سی ڈی سی پارٹیشن (شرکت) آئی ڈی نمبر _____ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر _____ / سی ڈی سی انویسٹرا کاؤنٹ آئی ڈی نمبر _____

محترم/محترمہ _____ یا اسکی غیر موجودگی میں _____

فولیو نمبر _____ / سی ڈی سی پارٹیشن (شرکت) آئی ڈی نمبر _____

اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر _____ / سی ڈی سی انویسٹرا کاؤنٹ آئی ڈی نمبر _____ کو اپنے/ہمارے ایما پر مورخہ 28 اکتوبر 2023 بروز ہفتہ 9:30 بجے

بمقام رجسٹرڈ آفس نشاط آباد فیصل آباد پر منعقد ہونے والے کریسنٹ کٹن ملز لمیٹڈ کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تفریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

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

گواہان

1

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

51- روپے کارسیدی ٹکٹ یہاں چسپاں کریں۔

2

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

دستخط رکن
کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں۔

نوٹ:

- 1- اجلاس عام میں شرکت اور رائے دہی کا مستحق رکن، پراکسی مقرر کر سکتا ہے۔
- 2- پراکسی اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کے ذریعے تصدیق کی گئی، کبھی کے شیئرز رجسٹر اور دفتر ذون کنسلٹنگ لمیٹڈ لاہور میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل جمع کروانے چاہئیں۔
- 3- سی ڈی سی اکاؤنٹ ہولڈرز کو پراکسی تقرری کیلئے سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کے مورخہ 26 جنوری 2020 کو جاری کردہ سرکلر نمبر 1 میں دی گئی مندرجہ ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔
 - i- بصورت افراد، اکاؤنٹ ہولڈر اور ایسب اکاؤنٹ ہولڈر جن کے سیکورٹیز اینڈ رجسٹریشن تقصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نامہ) جمع کرانا ہو سکتے۔
 - ii- پراکسی فارم بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔
 - iii- تنظیمی اوزار پر پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق، 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 پراکسی ہولڈر کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی جمع کرانا ہوگا۔