Crescent Cotton Mills Ltd.

ANNUAL REPORT 2020

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

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CRESCENT COTTON MILLS LIMITED

CRESCENT COTTON MILLS LIMITED AND ITS SUBSIDIARY

GENERAL INFORMATION

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

KARACHI OFFICE

Office # 409, 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 # 3

B-10, S.I.T.E., Kotri.
Phones : (022) 3870053 & 3871138
Fax : (022) 3870322

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 # 409, 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. Naveed Gulzar

COMPANY PROFILE

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

CRESCENT COTTON MILLS LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 62nd Annual General Meeting of the shareholders of the Company will be held on Monday the 28th October, 2020 at 9.30 a.m. at Registered Office of the Company New Lahore Road, Nishatabad, Faisalabad to transact the following business:

1. To receive, consider and adopt the Chairman's Review Report, the Reports of Directors and Auditors together with Audited Annual Separate and Consolidated Financial Statements for the year ended 30 June 2020.

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

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

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

REGISTERED OFFICE:
Crescent Cotton Mills Limited
New Lahore Road, Nishatabad,
Faisalabad: Phone No. 8752111-13
Fax No. 8750366
Dated: October 07, 2020

NOTES

1. The Share Transfer Books of the Company will remain closed from October 20, 2020 to October 28, 2020 (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 19, 2020 will be treated in time.
2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her. A Proxy must be a member of the Company
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.
4. Members who have deposited their shares into Central Depository Company of Pakistan Limited (CDC) will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 of the Securities and Exchange Commission of Pakistan:

a. For attending the meeting:

i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account; and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (NIC) or original passport at the time of attending the meeting. The shareholders registered on CDC are also requested to bring their Participants I.D. numbers and account numbers in CDC.

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

b. For appointing proxies

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

ii). The proxy form shall be witnessed by two persons whose names and NIC Nos. shall be mentioned on the form.

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

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

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

5 . CNIC/IBAN for E-Dividend Payment

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

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

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

7. Placement of Financial Statements

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

VISION

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

MISSION

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

CHAIRMAN'S REVIEW

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

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board has developed a mechanism for the evaluation of performance of the Board of Directors. For the financial year ended June 30, 2020, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as Satisfactory is based on an evaluation of integral components including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

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

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

TAIMUR AMJAD
CHAIRMAN
Faisalabad
October, 07, 2020

DIRECTORS' REPORT TO THE SHARE HOLDERS

The directors as well as the management of the company would like to report with grief the sad demise of Mr. Zahid Bashir, Chairman of the Board (Innallaha wa inallah-e-rajeon). Mr. Zahid Bashir joined our board in 2016. The board of directors always benefited from his wisdom and superb leadership during his time. The board, the management and all others while paying glowing tribute to him, acknowledge his tremendous contributions for the company (May Allah give him the best place in heaven).

The Directors of your Company are pleased to present their report and audited financial statements for the year ended June 30, 2020 together with the auditors' report thereon.

Overview Of Economy And Industry

Textile industry was performing reasonably well during the year despite global stagnation of demand, increase in cost of doing business and trade suspension with India. The biggest challenge to Pakistani textile industry came as we stepped into the third quarter in the form of outbreak of Covid-19 pandemic in China due to which most of the Chinese manufacturing facilities were shut down at the start of third quarter. Pakistan textile sector depends a lot on the markets of China. Therefore, supplies of textile input were disrupted and recorded an unprecedented increase in prices. Following the supply side shock, the global retailers started closing down their stores in an attempt to curtail the spread of corona virus by the end of February. This further affected the entire production cycle of textile sector. The textile manufacturing facilities in Pakistan were also shut down after the lockdown announced by authorities on 24 March 2020.

As the COVID-19 outbreak reached its peak, it prompted social distancing and curtailment of activity. This disrupted global supply chains and brought economic activity to a near halt. In response the central bank has since reduced policy rates and announced schemes that will help reduce our cost of funds and ease pressure on cash flows. For Pakistan fiscal year 2020 had already been riddled by crisis; a systemic policy induced slowdown damaged both industry and investor confidence and growth was largely suppressed. The COVID shock has brought to greater attention the importance of building a stronger and more resilient business as well as the importance of building stronger local and regional supply chains. The projections for FY20 growth were revised downward and it is expected that the Pakistan's economy will contract by 1.5%, to recover slowly with a growth rate of 2.0% in FY21. The rupee saw approx. 8% depreciation against green back as foreign investment in government bonds reacted to the rate cuts. However the exchange rate shock will be cushioned because of decreased activity resulting in lower import values as well as lower global oil prices. Pakistan's economic challenges as we look ahead will be compounded by several factors. One is failing state owned enterprises. Their struggles are a big reason why Pakistan's public debt stands a 78.6 per cent of GDP. Others include inflationary pressures, payback and refinancing asks, falling revenue collections and a rising fiscal deficit.

Financial And Operational Performance

Profitability of the Spinning Units improved during the current year as compared to the corresponding period despite continuous reduction in the demand and prices of cotton yarn in international market. Local market dynamics were good, therefore, both demand and prices increased. Although, Pak-China Free Trade Agreement has been finalized but its benefit have yet to be realized because of delay in the implementation

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. 51.817 million against pre-tax loss of Rs. 4.207 million in the last year.

Sales of during the year under review have been recorded at Rs. 5,517.184 million which is comparatively lower than last year's sales of Rs. 7,393.034 million. Our gross profit ratio to sales this year is 6.69% (2019 : 3.90%).

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-2020		FY-2019		INCREASE/(DECREASE)	
	RS. IN "000"	%	RS. IN "000"	%	RS. IN "000"	%
Sales revenue	5,517,184	100.00	7,393,034	100.00	(1,875,850)	(25.37)
Cost of sales	5,151,826	93.38	7,104,456	96.10	(1,952,630)	(27.48)
Gross profit	365,358	6.62	288,578	3.90	76,780	26.61
Operating expenses	252,676	4.58	243,930	3.30	8,746	3.59
Other income	43,405	0.79	34,793	0.47	8,612	24.75
Profit from operations	156,087	2.83	79,441	1.07	76,646	96.48
Finance cost	104,270	1.89	83,648	1.13	20,622	24.65
Taxation	10,269	0.19	87,354	1.18	(77,085)	(88.24)
Profit after taxation	41,548	0.75	(91,561)	(1.24)	133,109	(145.38)
Earnings per share (Rs.)	1.83		(4.04)		5.87	

Fluctuations in cotton yarn demand and prices throughout the year created uncertainty and affected the financial results of the Company. Moreover, yarn prices in international market did not increase in tandem with increase in local cotton prices. Management of the Company closely monitored the situation and made rational decisions due to which profitability of Spinning Division increased during FY 2019-20 as compared to the last year. The Company in accordance with its risk management policy to mitigate cotton supply and purchase risk monitored the procurement of raw cotton during the season.

Financial Strength

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

Earnings Per Share

The profit per share for operations stood at Rs. 1.83 per share (2019 : Loss Rs. 4.04 per share).

Risk And Opportunities

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

Strategic Risks

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

Business Risks

The Company faces a number of following business risks:

Cotton Supply and Price

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

Export Demand and Price

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

Energy Availability and Cost

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

Financial Risks

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

Currency risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

Employee Recruitment And Retention

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

Product Development

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

Statement on Corporate and financial reporting framework

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

NAME OF DIRECTORS (In alphabetical order)	MEETINGS ATTENDED
Mr. Abid Mahmood	4
Mr. Adnan Amjad	4
Mr. Humayun Mazhar	1
Mr. Naveed Gulzar	4
Mr. Salman Rafi	4
Mr. Shahid Arshad	2
Mr. Shameen Azfar	2
Mr. Taimur Amjad	4
Mr. Zahid Bashir	2

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

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

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

Directors

During the year two casual vacancies occurred due to the sad demise of Mr. Zahid Bashir and resignation of Mr. Humayun Mazhar. Mr. Shahid Arshad and Ms. Shameen Azfar were co-opted by the board for the remaining term of the board.

The new Board of the company has been elected in the extra ordinary general meeting held on May 15, 2020 for the next term of three years period commencing from May 18, 2020. On the new Board Ms. Nazish Arshad has been elected in place of Mr. Shahid Arshad. The Board welcomes the new director and places on record its appreciation for the valuable contribution made by the outgoing director during his tenure as a director. The Board is pleased to inform that Mr. Muhammad Arshad has been appointed by the new Board of the company as the Chief Executive Officer for a term of three years with effect from June 01, 2020.

Financial Statements

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

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

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

Pattern of Shareholding

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

SR.#	NAME OF DIRECTORS/SPOUSE/MINOR	SHARES PURCHASED	SHARES SOLD
1.	Mr. Adnan Amjad	16,500	-
2.	Mr. Taimur Amjad	208,896	-
3.	Mr. Muhammad Arshad (CEO)	200,000	-
4.	Ms. Shireen Abid W/o. Mr. Abid Mehmood	862,000	-

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, 2017 as required under clause 40 of Listed Companies (Code of Corporate Governance) Regulations, 2017 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, 2021.

Post Balance Sheet Events

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

Consolidated financial statements

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

Crescot Mills Limited

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

Way Forward

Pakistan is located at the crossroads of regional markets with a diverse and young population, huge resources and untapped potential for trade. Given its location, size and population, Pakistan has strategic geopolitical advantage and development potential. Pakistan is also the launch pad for China's One Belt One Road Project; an ambitious road and sea trade route spanning 65 countries. All these factors make Pakistan attractive for investment. The country, however, faces significant economic, governance and security challenges to achieve durable development outcomes. The lack of reliable energy and water infrastructure, a largely uneducated and unskilled workforce, ongoing conflict in the border areas and security challenges throughout the country affect all aspects of life in Pakistan and impedes development and economic growth.

SUBSIDIARIES

CRESCOT MILLS LIMITED

As already reported, the company has ceased all its production activities and during the year ended June 30, 2020, the company earned a profit of Rs. 1.336 million as compared to profit of Rs. 6.478 million of last year. The company has been de-listed from the Karachi Stock Exchange with effect from July 28, 2005.

For and on behalf of
the Board of Directors

MUHAMMAD ARSHAD	ABID MEHMOOD
CHIEF EXECUTIVE OFFICER	DIRECTOR

Faisalabad
October, 07, 2020

حصص یافتگان کے لیے ڈائریکٹرز کا جائزہ

کمپنی کے ڈائریکٹرز اور انتظامیہ نہایت افسوس کے ساتھ بورڈ کے چیئر مین جناب زاہد بشیر کی وفات سے آگاہ کرنا چاہیں گے۔ (انا للہ وانا الیہ راجعون)۔ جناب زاہد بشیر ہمارے بورڈ کے ساتھ 2016ء میں منسلک ہوئے۔ ان کے دور میں بورڈ آف ڈائریکٹرز نے ہمیشہ ان کی شاندار اور مدبرانہ قیادت سے استفادہ کیا۔ بورڈ، انتظامیہ اور دیگر تمام افراد انہیں شاندار خراجِ تحسین پیش کرتے ہوئے، کمپنی کے لیے ان کی زبردست خدمات کو خراجِ تحسین پیش کرتے ہیں۔ (اللہ تعالیٰ جنت میں ان کو اعلیٰ درجات عطا فرمائے، آمین)

آپ کی کمپنی کے ڈائریکٹرز مالی سال مختتمہ 30 جون 2020ء 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:

سال کے دوران عالمی سطح پر طلب میں جمود، کاروباری لاگت میں اضافے اور بھارت کے ساتھ تجارتی عمل میں تعطل کے باوجود ٹیکسٹائل انڈسٹری مناسب کارکردگی کا مظاہرہ کر رہی تھی۔ پاکستانی ٹیکسٹائل انڈسٹری کے لیے سب سے بڑا چیلنج اس وقت آیا جب ہم نے چین میں کوویڈ 19 کی وبا پھیلنے کی صورت میں تیسری سہ ماہی میں قدم رکھا جس کی وجہ سے تیسری سہ ماہی کے آغاز پر بیشتر چینی مینوفیکچرنگ سہولیات بند کر دی گئیں۔ پاکستان کا ٹیکسٹائل سیکٹر چینی منڈیوں پر بہت زیادہ انحصار کرتا ہے۔ لہٰذا ٹیکسٹائل اِن پٹ کی فراہمی میں خلل پڑا اور قیمتوں میں غیر معمولی اضافہ دیکھنے میں آیا۔ سپلائی کے دھچکے کے علاوہ، عالمی خوردہ فروشوں نے کرونا وائرس کے پھیلاؤ سے بچنے کی کوشش میں فروری کے اواخر میں اپنے گوداموں کو بند کرنا شروع کر دیا۔ اس نے ٹیکسٹائل سیکٹر کے پورے پیداواری عمل کو مزید متاثر کیا۔ حکام کی جانب سے لاک ڈاؤن کے اعلان کے بعد 24 مارچ 2020 کو پاکستان میں ٹیکسٹائل بنانے کی سہولیات بھی بند کر دی گئیں۔

جیسے ہی کووڈ 19 کی وبا عروج پر پہنچی، اس نے معاشرتی فاصلے اور سرگرمیوں کو کم کرنے کی ترغیب دی۔ اس نے عالمی سطح پر رسدی زنجیر کو روک دیا اور معاشی سرگرمی کو تقریباً ختم کر دیا۔ اس کے ردِعمل میں مرکزی بینک نے اس کے بعد سے پالیسی ریٹس میں کمی کی اور ان منصوبوں کا اعلان کیا جو ہمارے فنڈز کی لاگت کو کم کرنے اور کیش کے بہاؤ پر دباؤ کو کم کرنے میں ممد و معاون ثابت ہوں گے۔ پاکستان کے لیے مالی سال 2020 پہلے ہی بحرانوں سے دوچار تھا۔ نظام کو متاثر کرنے والی پالیسی نے سست روی کی حوصلہ افزائی کی جس سے صنعت اور سرمایہ کاروں کے اعتماد دونوں کو ٹھیس پہنچی اور نمو بڑی حد تک رک گئی۔ کوویڈ کے دھچکے نے مضبوط اور زیادہ لچک دار کاروبار کی تشکیل کی اہمیت کے ساتھ ساتھ مضبوط مقامی اور علاقائی رسد کی زنجیروں کے قیام کی اہمیت پر توجہ دلائی ہے۔ مالی سال 2020 کے لیے شرح نمو کو نیچے کی طرف تبدیل کیا گیا تھا اور توقع کی جا رہی ہے کہ پاکستان کی شرح نمو 1.5 فیصد رہ جائے گی جو مالی سال 2021 میں 2 فیصد شرح نمو کے ساتھ بحال ہوگی۔ جب حکومتی بانڈز میں غیر ملکی سرمایہ کاری نے شرح میں کمی پر ردِعمل کا اظہار کیا تو ڈالر کے مقابلے میں روپے کی قدر میں 8 فیصد کے قریب کمی دیکھی گئی۔ تاہم زرِمبادلہ کی کمی کا دھچکا کم ہو جائے گا کیونکہ سرگرمیوں میں کمی کی وجہ سے درآمدی قیمتیں کم ہونے کے ساتھ ساتھ تیل کی عالمی قیمتوں میں بھی کمی واقع ہوئی ہے۔ ہم آگے نظر دوڑائیں تو پاکستان کے معاشی چیلنجز کئی عوامل پر مشتمل ہوں گے۔ ایک تو سرکاری ملکیتی کاروباری اداروں کی ناکامی ہے۔ ان کی جدوجہد کی بڑی وجہ ہے کہ پاکستان کا عوامی قرض جی ڈی پی کا 78.6 فیصد ہے۔ دیگر چیلنجز میں مہنگائی کا دباؤ، ادائیگیوں اور مالی معاونت میں پوچھ گچھ، آمدنی میں کمی اور بڑھتے ہوئے مالی خسارے شامل ہیں۔

مالیاتی اور عملی کارکردگی:

بین الاقوامی منڈیوں میں کاٹن یارن کی طلب اور قیمتوں میں مسلسل کمی کے باوجود متعلقہ مدت کے مقابلہ میں رواں سال کے دوران سپننگ یونٹوں کے منافع میں بہتری آئی ہے۔ مقامی مارکیٹ کی حرکیات اچھی تھیں لہٰذا طلب اور قیمت دونوں میں اضافہ ہوا۔ اگرچہ پاک چین آزاد تجارتی معاہدہ کو حتمی شکل دے دی گئی ہے لیکن اس پر عمل درآمد میں تاخیر کی وجہ سے ابھی تک اس سے فائدہ نہیں اٹھایا جا سکا۔

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

کمپنی کو پچھلے سال کے 4.207 ملین روپے قبل از ٹیکس نقصان کے مقابلہ میں 58.031 ملین روپے قبل از ٹیکس منافع ہوا۔

زیر جائزہ سال کے دوران فروخت 5,517.184 ملین روپے رہی جو پچھلے سال کی فروخت 7,393.034 ملین روپے کے مقابلے میں کم رہی۔ اس سال فروخت پر ہمارے خام منافع کا تناسب 6.69 فیصد ہے۔ (2019 میں 3.90 فیصد)

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

نفع اور نقصان	مالی سال 2020 (ہزار روپے)	فیصد %	مالی سال 2019 (ہزار روپے)	فیصد %	اضافہ/(کمی) (ہزار روپے)	فیصد %
فروخت کی آمدنی	5,517,184	100.00	7,393,034	100.00	(1,875,850)	(25.37)
فروخت کی لاگت	5,151,826	93.38	7,104,456	96.10	(1,952,630)	(27.48)
خام منافع	365,358	6.62	288,578	3.90	76,780	26.61
عملی اخراجات	252,676	4.58	243,930	3.30	8,746	3.59
دیگر آمدنی	43,405	0.79	34,793	0.47	8,612	24.75
عوامل سے منافع	156,087	2.83	79,441	1.07	76,646	96.48
مالیاتی لاگت	104,270	1.89	83,648	1.13	20,622	24.65
محصولات	10,269	0.19	87,354	1.18	(77,085)	(88.24)
منافع بعد از محصولات	41,548	0.75	(91,561)	(1.24)	133,109	(145.38)
فی حصص آمدنی (روپے)	1.83	-	(4.04)	-	5.87	-

پورے سال کے دوران کاٹن یارن کی طلب اور قیمتوں میں اتار چڑھاؤ نے غیر یقینی صورت حال پیدا کیے رکھی اور کمپنی کے مالیاتی نتائج کو متاثر کیا۔ مزید یہ کہ مقامی کپاس کی قیمتوں میں اضافے کے علی الرغم بین الاقوامی منڈی میں سوت کی قیمتوں میں اضافہ نہیں ہوا۔ کمپنی کی انتظامیہ نے صورت حال پر گہری نظر رکھی اور دانشمندانہ فیصلے کیے جس کی وجہ سے گزشتہ سال کے مقابلے میں مالی سال 20-2019 کے دوران سپننگ ڈویژن کے منافع میں اضافہ ہوا۔ کمپنی نے اپنی رسک مینجمنٹ پالیسی کے مطابق کپاس کی فراہمی اور خریداری کے خطرے کو کم کرنے کے لیے سیزن کے دوران خام کپاس کی خریداری پر نظر رکھی۔

مالی طاقت:

کمپنی اپنی مالی طاقت کو بہتر بنانے میں کامیاب رہی ہے، کمپنی کا موجودہ تناسب اب 0.84 ہے۔ 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 نقصان 0.69 روپے رہا۔ (2019ء میں فی حصص نقصان 4.04 روپے)

خطرات اور مواقع:

کریسنٹ کاٹن ملز لمیٹڈ خطرہ مول لیتی ہے اور عام کاروبار میں مواقع پیدا کرتی ہے۔ مسابقتی رہنے اور پائیدار کامیابی کو یقینی بنانے کے لئے خطرہ مول لینا ضروری ہے۔ ہمارا ''خطرہ اور موقع'' کا نظم ونسق 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 آغاز پر ہی کپاس کی بھاری مقدار کی خریداری کر کے اس خطرہ کو کم کرتی ہے۔

برآمدی طلب اور قیمت:

برآمدات ہماری فروخت کا بڑا حصہ ہیں۔ہمیں بین الاقوامی منڈیوں میں اپنی مصنوعات کی طلب میں کمی اور مسابقت کا سامنا رہتا ہے۔ہم صارفین کے ساتھ مضبوط تعلقات استوار کرنے، کسٹمر بیس کو وسیع کرنے، معیار پر سمجھوتہ کیے بغیر جدید مصنوعات تیار کرنے اور صارفین کو بروقت فراہمی فراہم کرنے 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 واپڈا سے بجلی کے کنکشن حاصل کرنے کے ساتھ ساتھ کمپنی کے تقریباً تمام مقامات پر بجلی پیدا کرنے کے لئے پاور پلانٹس لگا کر توانائی کی عدم دستیابی کے خطرے کو کم کیا گیا ہے۔

مالی خطرات:

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

کرنسی کا خطرہ:

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

شرح سود کا خطرہ:

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

ادھار کا خطرہ:

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

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 ہنر مندی 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 جا سکتا ہے اور کسی عام جنس کی مناسب مارکیٹ تیار کرنا ایک بہت بڑا کام ہے جس کے لئے انتظامیہ مسلسل کوشش کر رہی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر بیان:

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

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

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

4۔ مالیاتی سٹیٹمنٹ کی تیاری میں انٹرنیشنل فنانشل 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 کی گئی کے علاوہ ٹیکسز، ڈیوٹیز، لیویز اور چارجز کی مد میں تمام قانونی ادائیگیاں کر دی گئی ہیں۔

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

ڈائریکٹر کا نام (الفبائی ترتیب کے مطابق)	شرکت کردہ اجلاس
مسٹر عابد محمود	4
مسٹر عدنان امجد	4
مسٹر ہمایوں مظہر	1
مسٹر نوید گلزار	4
مسٹر سلمان رفیع	4
مسٹر شاہد ارشد	2
مسماۃ شامین اظفر	2
مسٹر تیمور امجد	4
مسٹر زاہد بشیر	2

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

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

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

ڈائریکٹران:

سال کے دوران مسٹر زاہد بشیر کی افسوس ناک رحلت اور مسٹر ہمایوں مظہر کے استعفیٰ کی وجہ سے دو نشستیں خالی ہوئیں۔ بورڈ کی باقی ماندہ مدت کے لیے بورڈ نے مسٹر شاہد ارشد اور مسماۃ شامین اظفر کو منتخب کیا۔

15 مئی 2020 کو منعقد ہونے والا غیر معمولی اجلاس عام میں 18 مئی 2020 سے شروع ہونے والی تین سالہ مدت کے لیے نیا بورڈ آف ڈائریکٹرز منتخب کر لیا گیا ہے۔ نئے بورڈ میں مسٹر شاہد ارشد کی جگہ مسماۃ نازش ارشد کو منتخب کیا گیا ہے۔ بورڈ نئی ڈائریکٹر کو خوش آمدید کہتا ہے اور بطور ڈائریکٹر اپنے دور میں گرانقدر شراکت پر سبکدوش ہونے والے ڈائریکٹر کو خراج تحسین پیش کرتا ہے۔ بورڈ اس بات سے مطلع کرتا ہے کہ مسٹر محمد ارشد کو یکم جون 2020 سے شروع ہونے والی تین سالہ مدت کے لیے کمپنی کے نئے بورڈ نے بطور چیف ایگزیکٹو آفیسر تعینات کر دیا ہے۔

مالیاتی بیانات:

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

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

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

حصص یافتگی کا نمونہ:

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

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

نمبر شمار	ڈائریکٹر/اہلیہ/نابالغ بچوں کا نام	خریدے گئے حصص	بیچے گئے حصص
1	مسٹر عدنان امجد	16,500	-
2	مسٹر تیمور امجد	208,896	-
3	مسٹر محمد ارشد (چیف ایگزیکٹو آفیسر)	200,000	-
4	مسماۃ شیریں عابد زوجہ مسٹر عابد محمود	862,000	-

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 کمیٹی کی طرف سے تصدیق اور بورڈ کی طرف سے منظور کی گئی ہیں۔

کارپوریٹ گورننس:

مندرج کمپنیوں کے قواعد وضوابط کوڈ آف کارپوریٹ گورننس 2017 کی شق نمبر 40 کے تحت مطلوبہ تکمیل کا بیان ہمراہ مندرج کمپنیوں کے قواعد وضوابط کوڈ آف کارپوریٹ گورننس 2017 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 رفاہِ عامہ کے کام کے ذریعے اپنی ذمہ داری پوری کرتی ہے۔ کمپنی توانائی کی بچت اور ماحولیاتی تحفظ کے لیے مختلف حل لاگو کرکے، اپنے قابل قدر گاہکوں کو بہترین معیار کی مصنوعات اور بعداز فروخت تکنیکی خدمات کی فراہمی کے ذریعے قومی خزانے میں بھی معتدبہ مقدار میں اپنا حصہ ڈال رہی ہے۔

آپ کی کمپنی رفاہِ عامہ کی سرگرمیوں کے طور پر مختلف اداروں کو بھاری رقوم مستقلاً چندہ دے رہی ہے جو قدرتی آفات سے نمٹنے کے لیے قائم کیے گئے ہیں۔ آپ کی کمپنی اپنے ملازمین کو صحت مند، محفوظ اور سیکھنے کا ماحول فراہم کررہی 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 2021ء کو ختم ہونے والے مالی سال کے لیے بطور بیرونی محاسب دوبارہ تعیناتی کی سفارش کی ہے۔

بعداز بیلنس شیٹ تغیرات:

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

مضبوط مالی بیانات:

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

کریسکوٹ ملز لمیٹڈ:

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

پیش بندی:

پاکستان متنوع اور جوان آبادی، بہت زیادہ وسائل اور تجارت کے لیے غیر مستعمل صلاحیت کے ساتھ علاقائی منڈیوں کے سنگم پر واقع ہے۔ اس کی لوکیشن، رقبے اور آبادی کے پیش نظر پاکستان میں تزویراتی، جغرافیائی سیاسی فائدے اور ترقی کی صلاحیت موجود ہے۔ پاکستان چین کے ون بیلٹ ون روڈ پراجیکٹ، جو 65 ممالک پر پھیلا ہوا پرعزم شاہراتی اور سمندری تجارتی راستہ ہے، کے لیے لانچ پیڈ بھی ہے۔ یہ تمام عوامل پاکستان کو سرمایہ کاری کے لیے پرکشش بناتے ہیں۔ تاہم ملک کو پائیدار ترقیاتی نتائج کے حصول کے لیے اہم معاشی، حکومتی اور امن وامان کے چیلنجز کا سامنا ہے۔ قابل اعتماد توانائی اور پانی کے بنیادی ڈھانچے کی کمی، بڑے پیمانے پر ان پڑھ اور غیر ہنرمند افرادی قوت، سرحدی علاقوں میں جاری تنازعات اور ملک بھر میں سیکیورٹی چیلنجز پاکستان میں زندگی کے تمام پہلوؤں کو متاثر کرتے ہیں اور ترقی اور معاشی ترقی میں رکاوٹ ہیں۔

ماتحت کمپنیاں:

کریسکوٹ ملز لمیٹڈ:

جیسا کہ پہلے بتایا جا چکا ہے کہ کمپنی اپنی تمام پیداواری سرگرمیاں ختم کر چکی ہے اور کمپنی نے پچھلے سال کے 4.349 ملین روپے منافع کے مقابلہ میں 30 جون 2019ء کو ختم ہونے والے سال میں 6.478 ملین روپے کا منافع کمایا۔ کمپنی کو 28 جولائی 2005ء سے کے ایس ای کی فہرست سے نکالا جا چکا ہے۔

منجانب

بورڈ آف ڈائریکٹرز

محمد ارشد	عابد محمود
چیف ایگزیکٹو آفیسر	ڈائریکٹر

فیصل آباد

07 اکتوبر 2020ء

KEY OPERATING AND FINANCIAL DATA

(RUPEES IN MILLION)

	2020	2019	2018	2017	2016	2015
Summary of Profit and Loss Account						
Sales	5,517	7,393	6,094	3,984	3,454	3,810
Gross profit	365	289	244	127	128	201
Profit from operations	156	80	104	110	17	25
Finance cost	104	84	55	29	32	37
(Loss)/profit before taxation	52	(4)	49	81	(15)	(12)
Taxation	10	88	43	52	7	9
(Loss)/profit after taxation	42	(92)	6	29	(22)	(21)
Summary of Balance Sheet						
Property, plant and equipment	5,191	5,151	4,135	4,024	3,666	3,035
Other non-current assets	65	63	31	43	66	50
Stock in trade	540	475	379	270	386	395
Trade debts	280	200	127	64	40	56
Other current assets	753	636	716	729	402	367
Current assets	1,573	1,311	1,222	1,063	828	818
Total assets	6,829	6,525	5,388	5,130	4,560	3,903
Shareholders equity	560	531	698	861	578	598
Surplus on revaluation of operating fixed assets	4,137	4,137	3,080	3,080	3,080	2,543
Long term financing	195	131	178	226	-	-
Other non-current liabilities	127	101	81	75	67	59
Trade and other payables	740	789	723	392	350	330
Short trem borrowings	841	661	529	440	447	328
Other current liabilities	229	175	99	56	38	45
Current liabilities	1,810	1,625	1,351	888	835	703
Total equity and liabilities	6,829	6,525	5,388	5,130	4,560	3,903
Summary of Cash Flow Statement						
Cash and cash equivalents at the beginning of the year	50	106	41	32	16	120
Net cash (used in) / generated from operating activities	(121)	(125)	118	18	(15)	54
Net cash used in investing activities	(103)	(25)	(130)	(240)	(85)	(143)
Net cash from / (used in) financing activities	216	94	77	231	116	(15)
Net increase / (decrease) in cash and cash equivalents	(8)	(56)	65	9	16	(104)
Cash and cash equivalents at the end of the year	42	50	106	41	32	16

PERFORMANCE INDICATORS

		2020	2019	2018	2017	2016	2015
Profitability Ratios							
Gross profit ratio	%	6.69	3.91	4.00	3.19	3.71	5.28
Net profit to sales	%	0.76	(1.24)	0.10	0.73	(0.64)	(0.55)
Return on equity	%	7.50	(17.33)	0.86	3.37	(3.81)	(3.51)
Return on capital employed	%	7.70	(0.60)	7.34	12.87	(2.38)	(1.91)
Earning/(loss) per share	Rs.	(0.69)	(4.04)	0.26	1.35	(1.05)	(1.00)
Liquidity Ratios							
Current ratio	Times	0.87	0.81	0.90	1.20	0.99	1.16
Quick ratio	Times	0.57	0.51	0.62	0.89	0.53	0.60
Cash to current liabilities	%	0.02	0.03	0.08	0.05	0.04	0.02
Activity / Turnover Ratios							
Inventory turnover	Times	10	17	18	12	9	9
Number of days in inventory	Days	36	22	20	31	43	41
Debtor turnover	Times	23	45	64	77	72	56
Number of days in receivables	Days	16	8	6	5	5	6
Creditors turnover	Times	7	9	10	10	10	10
Number of days in payables	Days	54	39	35	35	37	36
Total assets turnover	Times	0.83	1.24	1.16	0.82	0.82	0.97
Property, plant and equipment turnover	Times	1.07	1.59	1.49	1.04	1.03	1.28
Investment / Market Ratios							
Basic and diluted earning/(loss) per share	Rs.	(0.69)	(4.04)	0.26	1.35	(1.05)	(1.00)
Price earning ratio	Times	(57.54)	(7.02)	96.69	33.07	(42.86)	(54.55)
Market value per share							
- At the end of year	Rs.	39.70	28.38	25.14	44.65	45.00	54.55
- Highest during the year	Rs.	42.88	39.64	39.64	53.90	54.95	54.55
- Lowest during the year	Rs.	24.94	23.89	25.14	44.00	45.00	37.05
Break up value w/o surplus on revaluation	Rs.	24.71	23.43	30.80	40.28	27.04	27.97
Break up value with surplus on revaluation	Rs.	207.28	206.00	166.72	184.35	171.11	146.93
Capital Structure Ratios							
Financial leverage ratio	Times	1.85	1.49	1.01	0.77	0.77	0.55
Long term debt to equity ratio	%	34.82	24.67	25.50	26.25	-	-
Interest coverage ratio	Times	1.50	0.95	1.89	3.79	0.53	0.68

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, 2020**

Shareholders	From	To	Total Shares
563	1	100	17,081
423	101	500	102,278
152	501	1,000	106,869
166	1,001	5,000	338,606
30	5,001	10,000	215,418
9	10,001	15,000	115,986
6	15,001	20,000	99,228
6	20,001	25,000	136,338
8	25,001	30,000	217,215
2	30,001	35,000	66,679
2	35,001	40,000	76,409
9	40,001	45,000	379,554
2	45,001	50,000	96,709
2	50,001	55,000	106,348
5	55,001	60,000	289,067
2	60,001	65,000	128,428
4	65,001	70,000	267,112
3	70,001	75,000	220,172
4	80,001	85,000	327,104
1	85,001	90,000	89,061
1	90,001	95,000	90,500
5	95,001	105,000	405,036
2	105,001	110,000	212,000
3	110,001	120,000	348,653
1	120,001	125,001	121,480
1	125,001	130,000	128,365
2	135,001	140,000	271,329
6	145,001	150,000	873,741
1	150,001	155,000	153,080
2	155,001	160,000	314,610
1	160,001	165,000	162,541
2	165,001	170,000	333,568
1	170,001	175,000	171,615
1	175,001	180,000	176,790
4	190,001	200,000	781,600
2	205,001	210,000	416,104
2	210,001	215,000	426,255
1	230,001	235,000	230,834
1	235,001	240,000	238,138
	240,001	245,000	242,869
1	265,001	270,000	267,496
1	270,001	275,000	273,280
1	350,001	355,000	353,224
2	380,001	385,000	763,985
1	385,001	390,000	388,557
1	390,001	395,000	391,468
1	405,001	410,000	407,559
1	410,001	415,000	413,264
2	425,001	430,000	853,284
1	430,001	435,000	430,823
1	495,001	500,000	500,000
1	540,001	545,000	544,622
1	570,001	575,000	573,999
1	585,001	590,000	589,856
1	590,001	595,000	590,744
1	855,001	860,000	856,454
1	1,030,001	1,035,000	1,034,499
1	1,060,001	1,065,000	1,064,763
1	1,100,001	1,108,500	1,108,348
1	1,755,001	1,760,000	1,759,131
1,460			**22,660,126**

Sr.#	Categories of Shareholders	Numbers	Shares Held	Percentage
1	Insurance Companies	1	212,000	0.94
2	Others	7	150,249	0.66
3	Financial Institutions	9	658,813	2.91
4	Individuals	1,416	18,844,106	83.16
5	Investment Companies	5	9,231	0.04
6	Joint Stock Companies	20	1,677,175	7.40
7	Mutual Fund	2	1,108,552	4.89
	Grand Total	**1,460**	**22,660,126**	**100.00**

PATTERN OF HOLDING OF SHARES

Held by Shareholders as at June 30, 2020

Categories of Shareholder	Total Holding	%Age
1 - Directors, Chief Executive Officer, Their Spouses and Minor Childern		
Chief Executive Officer		
Mr. Muhammad Arshad	1,056,454	4.66
Directors		
Mr. Abid Mehmood	167,866	0.74
Mr. Adnan Amjad	688,599	3.04
Mr. Salman Rafi	80,203	0.35
Mrs. Shameen Azfar	40,694	0.18
Mr. Naveed Gulzar	430,910	1.90
Mr. Taimur Amjad	636,146	2.81
Mrs. Nazish Arshad	1,828,887	8.07
Director's Spouses and Their Minor Childern		
Mrs. Marium Naveed	105	0.00
Mst. Shireen Abid	1,418,487	6.26
	6,348,351	28.02
2 - Executives		
Executives	1,372,707	6.06
	1,372,707	6.06
3 - Associated Companies, Undertakings & Related Parties		
_	-	-
	-	-
6 - Banks, NBFCs, DFIs, Takaful, Pension Funds		
Banks, NBFCs, DFIs, Takaful, Pension Funds	1,776,596	7.84
	1,776,596	7.84
7 - Other Companies		
Other Companies, Corporate Bodies, Trust etc.	2,039,424	9.00
	2,039,424	9.00
9 - General Public		
A. Local	11,123,048	49.09
B. Foreign	-	-
	11,123,048	49.09
	22,660,126	100.00

Shareholders More Than 5.00%	Shares	%Age
Miss Nazish Arshad	1,828,877	8.07
Mst. Shireen Abid	1,418,487	6.26

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

Name of company CRESCENT COTTON MILLS LIMITED
Year ended June 30, 2020

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

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

   a. Male: Six
   b. Female: Two

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

Category	Name
Independent Directors	Mr. Salman Rafi
	Mrs. Shameen Azfar (Female)
Executive Directors	Mr. Naveed Gulzar
	Mr. Abid Mehmood
	Mr. Muhammad Arshad (Appointed 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. The Board remained fully compliant with the provision with regard to their training program. Two members of the Board have the prescribed qualifications and experience required for exemption from training program of Directors pursuant to Regulation 19(2) of the CCG. All male director has already attended Directors' Training Program except two female directors, they will complete their Directors' Training Program within the time limit as allowed under the Listed Companies (Code of Corporate Governance) Regulations, 2019.

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the board.

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

a) Audit Committee

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

b) HR and Remuneration Committee

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

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

14. The frequency of meetings of the aforesaid committees were as per following:
   a) Audit Committee: Four meetings during the financial year ended 30 June 2020
   b) HR and Remuneration Committee: one meeting during the financial year ended 30 June 2020

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

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

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

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with, except for the Independent directors in which fraction is not rounded up as one because the fraction (0.33) was less than 0.5 and Executive directors, including the chief executive officer on the Board are three out of total eight directors. One third of the Board i.e. 2.67 has been rounded up as 3 directors as the manufacturing units of the Company are geographically spread and the Company needs executive directors for effective management of operations.

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

Sr No.	Requirement	Explanation for Non-compliance	Reg. No.
1	**Qualification of Company Secretary:** The same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company.	The Company is in the process of hiring the suitable individual for the company secretary.	24
2	**Nomination Committee:** The Board may constitute a separate committee, designated as the nomination committee of such number and class of directors, as it may deem appropriate in its circumstances.	Currently the Board has not constituted a separate NC and the functions are being performed by the HR committee.	29(1)
3	**Risk Management Committee:** The Board may constitute the Risk Management Committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out review of effectiveness of risk management procedures and present a report to the Board.	Currently the Board has not constituted the RMC and the Company's Risk Manager performs the requisite functions and apprises the Board accordingly	30(1)

For and on behalf of
the Board of Directors

CHAIRMAN

CHIEF EXECUTIVE OFFICER

Faisalabad
October, 07, 2020

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 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad
October, 07, 2020

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 2020, 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 2020 and of the profit, other comprehensive loss, 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.	**Inventory existence and valuation** Inventories as at 30 June 2020 amounting to Rupees 607.418 million, break up of which is as follows: - Stores, spare parts and loose tools of Rupees 67.237 million - Stock-in-trade of Rupees 540.181 million Inventories are stated at lower of cost and net realizable value.	Our procedures over existence and valuation of inventories included, but were not limited to: · To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of

	We identified existence and valuation of inventories as a key audit matter due to their size, representing 8.89% of the total assets of the Company as at 30 June 2020, and the judgment involved in valuation. For further information on inventories, refer to the following: - Summary of significant accounting policies, Inventories (Note 2.10 to the financial statements). - Stores, spare parts and loose tools (Note 19) and Stock-in-trade (Note 20) to the financial statements.	the management. • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice. • 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 of 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

2.	**Revenue recognition** The Company recognized revenue of Rupees 5,517.184 million for the year ended 30 June 2020. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information on revenue recognition, refer to the following: - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.12 to the financial statements). - Revenue (Note 27 to the financial statements).	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • We compared a sample of revenue transactions recorded around the year- end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • We compared the detail of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation; • We also considered the appropriateness of disclosures in the

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad
October, 07, 2020

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

EQUITY AND LIABILITIES	NOTE	2020	2019
		(RUPEES IN THOUSAND)	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
30 000 000 (2019: 30 000 000) ordinary shares of Rupees 10 each		300,000	300,000
Issued, subscribed and paid up share capital	3	226,601	226,601
Capital reserves			
Premium on issue of shares reserve	4	5,496	5,496
Plant modernization reserve		12,000	12,000
Fair value reserve	5	114,105	141,708
Surplus on revaluation of freehold land and investment properties	6	4,136,711	4,136,711
Revenue reserves	7	202,043	145,140
Total equity		4,696,956	4,667,656
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	8	195,399	130,719
Employees' retirement benefit	9	127,075	101,141
		322,474	231,860
CURRENT LIABILITIES			
Trade and other payables	10	740,215	789,095
Unclaimed dividend	11	3,980	4,028
Accrued mark-up	12	23,709	21,695
Short term borrowings	13	841,269	660,837
Current portion of long term financing	8	30,140	59,417
Provision for taxation		170,720	90,053
		1,810,033	1,625,125
TOTAL LIABILITIES		2,132,507	1,856,985
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		6,829,463	6,524,641

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

CHIEF EXECUTIVE OFFICER

ASSETS	NOTE	2020	2019
		(RUPEES IN THOUSAND)	
NON-CURRENT ASSETS			
Property, plant and equipment	15	4,926,871	4,891,674
Investment properties	16	264,224	258,878
Long term investments	17	6,684	27,950
Long term deposits		4,689	3,767
Deferred income tax asset	18	53,629	31,025
		5,256,097	5,213,294
CURRENT ASSETS			
Stores, spare parts and loose tools	19	67,237	75,418
Stock-in-trade	20	540,181	474,606
Trade debts	21	280,321	200,334
Loans and advances	22	69,698	66,420
Prepayments and balances with statutory authority	23	347,478	204,666
Other receivables	24	54,546	57,646
Short term investments	25	172,237	181,982
Cash and bank balances	26	41,668	50,275
		1,573,366	1,311,347
TOTAL ASSETS		6,829,463	6,524,641

DIRECTOR

CHIEF FINANCIAL OFFICER

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

	NOTE	2020	2019
		(RUPEES IN THOUSAND)	
REVENUE	27	**5,517,184**	7,393,034
COST OF SALES	28	**(5,151,826)**	(7,104,456)
GROSS PROFIT		**365,358**	288,578
DISTRIBUTION COST	29	**(54,693)**	(60,031)
ADMINISTRATIVE EXPENSES	30	**(191,135)**	(182,988)
OTHER EXPENSES	31	**(6,848)**	(911)
OTHER INCOME	32	**43,405**	34,793
FINANCE COST	33	**(104,270)**	(83,648)
PROFIT / (LOSS) BEFORE TAXATION		**51,817**	(4,207)
TAXATION	34	**(10,269)**	(87,354)
PROFIT / (LOSS) AFTER TAXATION		**41,548**	(91,561)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)	35	**1.83**	(4.04)

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

CCML
Crescent Cotton Mills Ltd.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	(RUPEES IN THOUSAND)	
PROFIT / (LOSS) AFTER TAXATION	**41,548**	(91,561)
OTHER COMPREHENSIVE (LOSS) / INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Experience adjustment on defined benefit plan	**(8,217)**	(8,991)
Deferred income tax related to experience adjustment	**2,225**	2,439
	(5,992)	(6,552)
Surplus on revaluation of freehold land	**-**	1,056,721
Surplus / (deficit) arising on remeasurement of investments at fair value through other comprehensive income	**2,468**	(59,855)
Deficit arising on remeasurement of investments at fair value through other comprehensive income	**(8,724)**	8,291
	(6,256)	(51,564)
	(12,248)	998,605
Items that may be reclassified subsequently to profit or loss:	**-**	-
Other comprehensive income / (loss) for the year - net of tax	**(12,248)**	998,605
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	**29,300**	907,044

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

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

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

	SHARE CAPITAL	RESERVES										TOTAL EQUITY
		CAPITAL RESERVES					REVENUE RESERVES					
		Premium on issues of shares	Plant modernization	Fair value reserve of investments at FVTOCI	Surplus on revaluation of freehold land and investment properties	Sub total	General reserve	Dividend equalization	Unappropriated profit	Sub total	Total Reserves	
	(RUPEES IN THOUSAND)											
Balance as at 01 July 2018	226,601	5,496	12,000	192,403	3,079,990	3,289,889	96,988	4,000	145,400	246,388	3,536,277	3,762,878
Transaction with owners - Final dividend for the year ended 30 June 2018 at the rate of Rupee 0.10 per share	-	-	-	-	-	-	-	-	(2,266)	(2,266)	(2,266)	(2,266)
Gain realized on disposal of equity investments at fair value through other comprehensive income	-	-	-	(9,298)	-	(9,298)	-	-	9,298	9,298	-	-
Loss for the year	-	-	-	-	-	-	-	-	(91,561)	(91,561)	(91,561)	(91,561)
Other comprehensive income for the year	-	-	-	(51,564)	1,056,721	1,005,157	-	-	(6,552)	(6,552)	998,605	998,605
Total comprehensive loss for the year	-	-	-	(51,564)	1,056,721	1,005,157	-	-	(98,113)	(98,113)	907,044	907,044
Balance as at 30 June 2019	226,601	5,496	12,000	131,541	4,136,711	4,285,748	96,988	4,000	54,319	155,307	4,441,055	4,667,656
Transferred from dividend equalization reserve to general reserve	-	-	-	-	-	-	4,000	(4,000)	-	-	-	-
Gain realized on disposal of equity investments at fair value through other comprehensive income	-	-	-	(11,180)	-	(11,180)	-	-	11,180	11,180	-	-
Profit for the year	-	-	-	-	-	-	-	-	41,548	41,548	41,548	41,548
Other comprehensive loss for the year	-	-	-	(6,256)	-	(6,256)	-	-	(5,992)	(5,992)	(12,248)	(12,248)
Total comprehensive income for the year	-	-	-	(6,256)	-	(6,256)	-	-	35,556	35,556	29,300	29,300
Balance as at 30 June 2020	226,601	5,496	12,000	114,105	4,136,711	4,268,312	100,988	-	101,055	202,043	4,470,355	4,696,956

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 2020

	NOTE	2020	2019
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	**65,581**	22,684
Finance cost paid		**(102,256)**	(76,514)
Income tax paid		**(62,937)**	(49,337)
Employees' retirement benefit paid		**(20,913)**	(21,066)
Increase in long term deposits		**(922)**	(675)
Net cash used in operating activities		**(121,447)**	(124,908)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		**(119,269)**	(38,130)
Proceeds from sale of property, plant and equipment		**2,696**	2,863
Proceeds from sale of investments		**13,626**	10,304
Net cash used in investing activities		**(102,947)**	(24,963)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		**(41,504)**	(35,650)
Proceed from long term financing		**76,907**	-
Short term borrowings - net		**180,432**	132,057
Dividend paid		**(48)**	(2,178)
Net cash from financing activities		**215,787**	94,229
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(8,607)**	(55,642)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**50,275**	105,917
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 26)		**41,668**	50,275

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 2020

1. THE COMPANY AND ITS OPERATIONS

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

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

Manufacturing Unit	Address
Spinning Unit No. 1 and 2, Hosiery	Chak No. 44 R.B., Kotla Kahlawan, Tehsil Shahkot, District Nankana Sahib, Punjab
Spinning Unit No. 3	S.I.T.E. Kotri, District Jamshoro, Sindh
Spinning Unit No. 4	45-Km Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab
Embroidery Unit	New Lahore Road, Nishatabad, Faisalabad, Punjab
Liasion Unit	408-Business Avenue, Shahrah-e-Faisal, Karachi, Sindh
Liasion Unit	House No. 43/1, FCC Villas, Gulberg-III, Lahore

1.2 These financial statements are the separate financial statements of the Company. Consolidated financial statements are prepared separately.

1.3 Impact of COVID-19 on these financial statements

The pandemic of COVID-19 which rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. In March 2020, Federal Government and Provincial Governments announced a temporary lockdown as a measure to reduce the spread of the COVID–19. Complying with the lockdown, the Company temporarily suspended its operations from 24 March 2020 to 07 April 2020, while the operations of Spinning Unit No. 3 at Kotri, District Jamshoro remained suspended till 30 June 2020. The lockdown caused disruptions in supply chain including supply of goods to the customers resulting in a decline in sales. The suspension of operations resulted in more than 25 percent decrease in revenue of the Company. Subsequent to the year ended 30 June 2020, due to significant reduction in outbreak, demand for the Company's goods is fast reverting back to normal levels. Moreover, at the start of outbreak, State Bank of Pakistan vide its circular No. ERD/M&PRD/PR/01/2020-32 dated 26 March 2020 allowed deferment of principal repayments on loan obligations due to banks by a period of one year. The Company has availed this opportunity and certain repayments of long term financing from National Bank of Pakistan as given in Note 8 have been deferred for one year. Furthermore expected credit loss was also recognized against trade debts as given in Note 21. Apart from these, according to management's assessment, there is no other significant accounting impact of the effects of COVID-19 in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

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

b) Accounting convention

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

b) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the 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 impairments

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

Inventories

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

Income tax

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

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.

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 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. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates.

d) Standard, interpretation and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following standard, interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Leases'
- Amendments to IFRS 9 'Financial Instruments'
- Amendments to IAS 28 , 'Investments in Associates and Joint Ventures'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRSs: 2015 – 2017 Cycle

The amendments and interpretation listed above do not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods. However the implications of IFRS 16 are given hereunder:

IFRS 16 'Leases' is effective for annual periods beginning on or after 01 January 2019. This standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Company has only short-term operating leases as at 30 June 2020, hence, the adoption of IFRS 16 does not have any impact on the amounts recognized in current and prior periods. The effect on future periods is uncertain as the Company has not finalized the lease agreement with the subsidiary company uptill the finalization of these financial statements.

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

There are other standard and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2019 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 2020 or later periods:

Interest Rate Benchmark Reform which amended IFRS 7 'Financial Instruments: Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments: Recognition and Measurement', is applicable for annual financial periods beginning on or after 01 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published report setting out its recommended reforms of some major interest rate benchmarks such as Interbank Offer Rates (IBORs). Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rates benchmarks reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provided relief from the potential impacts of the uncertainty caused by the reform. A company shall apply these exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

Amendments to IFRS 16 'Leases' (effective for annual periods beginning on or after 01 June 2020). Under pervious requirements of IFRS 16, lessee assesses whether rent concessions are leased modifications, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring these lease liabilities using the revised lease payments and revised discount rates. In light of the effects of the COVID-19 pandemic and the fact that many lessees are applying the standard for the first time in their financial statements, the IASB has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for as if these were not lease modifications. Rent concessions are eligible for the practical expedient if these occur as a direct consequence of the COVID-19 pandemic and if following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially same as, or less than, the considerations for the lease immediately preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in

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

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

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

Amendments to IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2022). These amendments clarify that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply these amendments retrospectively, but only to items of property, plant and equipment which are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

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

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

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

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

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

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

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

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

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. 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 2020. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of the benefit, such estimates are subject to certain uncertainties. 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 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.

2.5 Taxation

Current

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

Deferred

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

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

2.6 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 any identified impairment loss. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the erection / construction period of qualifying assets and other directly attributable costs of bringing the assets to working condition.

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

First recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

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

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

Depreciation

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

De-recognition

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

2.7 Investment properties

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

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

2.8 Financial Instruments

i) Recognition of financial instruments

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

ii) Classification and measurement of financial instruments

Financial assets

a) Classification

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

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

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

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

b) Measurement

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

Debt instruments

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

Amortized cost

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

Equity instruments

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

Fair Value Through Other Comprehensive Income (FVTOCI)

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

Financial liabilities

Classification and measurement

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

iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

iv) De-recognition

Financial assets

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

Financial liabilities

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

v) Offsetting of financial instruments

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

2.9 Investment in subsidiary company

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

2.10 Inventories

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

Stores, spare parts and loose tools

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

Stock-in-trade

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

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

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

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

2.11 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.

2.12 Revenue from contracts with customers

i) Revenue recognition

Sale of goods
Revenue from the sale of goods is recognized at the point of time when the customer obtains control of the goods, which is generally at the time of delivery. Related Government grant is recognized when there is reasonable assurance that Company will comply with the conditions attached to it and grant will be received.

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

Interest
Interest income is 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
Revenue is recognized when rent is accrued.

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

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

ii) Contract assets

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

iii) Right of return assets

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

iv) Contract liabilities

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

2.13 Borrowings

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

2.14 Trade and other receivables

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

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

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

2.15 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.

2.16 Trade and other payables

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

2.17 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.

2.18 Impairment of non-financial assets

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

2.19 Provisions

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

2.20 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.

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

2.21 Earnings / (loss) per share

The Company presents Earnings Per Share (EPS) or Loss Per Share (LPS) data for its ordinary shares. EPS / (LPS) 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.

2.22 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.

2.23 Contingent liabilities

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

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2020	2019		2020	2019
(NUMBER OF SHARES)			(RUPEES IN THOUSAND)	
5 509 767	5 509 767	Ordinary shares of Rupees 10 each fully paid up in cash	**55,098**	55,098
16 992 345	16 992 345	Ordinary shares of Rupees 10 each issued as fully paid up bonus shares	**169,923**	169,923
158 014	158 014	Ordinary shares of Rupees 10 each fully paid up, issued to a financial institution against its right of option for conversion of debentures pursuant to a loan agreement	**1,580**	1,580
22 660 126	22 660 126		**226,601**	226,601

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

	2020	2019
	(NUMBER OF SHARES)	
Premier Insurance Limited	**212 000**	212 000
Crescent Powertec Limited (Note 3.1.1)	**-**	121 480
	212 000	333 480

3.1.1 Crescent Powertec Limited has ceased to be the associated company in February 2020 due to elimination of common directorship.

4. PREMIUM ON ISSUE OF SHARES RESERVE

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

5. FAIR VALUE RESERVE

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

	2020	2019
	(RUPEES IN THOUSAND)	
Balance as on 01 July	**131,541**	192,403
Fair value adjustment during the year	**2,468**	(59,855)
	134,009	132,548
Deferred income tax relating to investments at fair value through other comprehensive income	**(8,724)**	8,291
Gain realized on disposal of equity investments at fair value through other comprehensive income	**(11,180)**	(9,298) -
Balance as on 30 June	**114,105**	131,541

6. SURPLUS ON REVALUATION OF FREEHOLD LAND AND INVESTMENT PROPERTIES

	2020	2019
	(RUPEES IN THOUSAND)	
Freehold land (Note 6.1)	**4,023,572**	4,023,572
Investment properties	**113,139**	113,139
	4,136,711	4,136,711

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

7. REVENUE RESERVES

	2020	2019
General reserve	**100,988**	96,988
Dividend equalization reserve (Note 7.1)	**-**	4,000
Unappropriated profit	**101,055**	54,319
	202,043	155,307

7.1 This reserve has been transferred to 'General Reserve' following the approval of the Board of Directors of the Company in their meeting held on 03 October 2019.

8. LONG TERM FINANCING

From banking company secured

	2020	2019
Long term loans (Note 8.1)	**225,539**	190,136
Less: Current portion shown under current liabilities	**(30,140)**	(59,417)
	195,399	130,719

8.1 Long Term Loans

LENDER	2020	2019	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	INTEREST REPRICING	SECURITY
	(RUPEES IN THOUSAND)						
National Bank of Pakistan (Note 8.1.1)	131,285	167,736	3 Month KIBOR+3.00%	Twenty equal quarterly installments starting from 26 April 2018 and ending on 26 January 2024	Quarterly	Quarterly	Temporary first charge of Rupees 318 million over the fixed assets of the Company at Nishatabad, Faisalabad and personal guarantee of directors and executive of the Company. After acquisition of new spinning unit and after repayment of first two installments of Term Finance-1, the charge has to be created on the newly acquired spinning unit and the temporary arrangement has to be released / discharged.
National Bank of Pakistan (Note 8.1.1)	18,200	22,400	3 Month KIBOR+3.00%	Twenty equal quarterly installments starting from 26 May 2018 and ending on 26 February 2024	Quarterly	Quarterly	
National Bank of Pakistan	22,177	-	6.00%	Twenty seven equal quarterly installments starting from 30 June 2020 and ending on 30 December 2026	Quarterly	-	First charge of Rupees 107 million over entire fixed assets of the Company at Spinning Unit No. 1 and 2 and personal guarantee of Chief Executive Officer, Directors and executive of the Company.
National Bank of Pakistan	38,382	-	6.00%	Twenty seven equal quarterly installments starting from 27 July 2020 and ending on 27 January 2027	Quarterly	-	
National Bank of Pakistan	11,515	-	6.00%	Twenty seven equal quarterly installments starting from 19 August 2020 and ending on 19 February 2027	Quarterly	-	
National Bank of Pakistan	3,980	-	6.00%	Twenty eight equal quarterly installments starting from 21 July 2020 and ending on 21 April 2027	Quarterly	-	
	225,539	**190,136**					

8.1.1 Repayment terms of the above mentioned loans outstanding during the year from National Bank of Pakistan were deferred by one year on request of the Company in accordance with the circular No. ERD/M&PRD/PR/01/2020-32 dated 26 March 2020 issued by State Bank of Pakistan to cope the impacts of COVID-19 pandemic. Moreover in accordance with the requirements of the above mentioned lender of long term financing, there is restriction on distribution of dividend by the Company during the deferred period.

	2020	2019
	(RUPEES IN THOUSAND)	

9. EMPLOYEES' RETIREMENT BENEFIT

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

	2020	2019
Opening balance	**101,141**	80,592
Add: Provision for the year (Note 9.2)	**38,630**	32,624
Experience adjustment recognized in other comprehensive income	**8,217**	8,991
	147,988	122,207
Less: Paid during the year	**(20,913)**	(21,066)
	127,075	101,141

9.1 Movements in the present value of defined benefit obligation

	2020	2019
Opening balance	**101,141**	80,592
Current service cost	**25,707**	26,319
Interest expense	**12,923**	6,305
Retirement benefit paid	**(20,913)**	(21,066)
Experience adjustment recognized in other comprehensive income	**8,217**	8,991
Closing balance	**127,075**	101,141

9.2 Provision for the year

	2020	2019
Current service cost	**25,707**	26,319
Interest expense	**12,923**	6,305
	38,630	32,624

9.3 Significant actuarial assumptions used

	2020	2019
Discount rate to determine defined benefit cost (per annum)	14.25%	9.00%
Expected rate of increase in salary to determine defined benefit cost (per annum)	13.25%	8.00%
Discount rate to determine defined benefit obligation (per annum)	8.50%	14.25%
Expected rate of increase in salary to determine defined benefit obligation (per annum)	7.50%	13.25%
Average duration of the benefit (years)	7	9
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year

9.4 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2021 is Rupees 36.934 million.

	2020	2019

9.5 Sensitivity analysis for actuarial assumptions:

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

	2020	2019
Discount rate	**1.00%**	1.00%
Increase in assumption (Rupees in thousand)	**(8,338)**	(8,232)
Decrease in assumption (Rupees in thousand)	**10,265**	10,268
Future salary increase	**1.00%**	1.00%
Increase in assumption (Rupees in thousand)	**10,429**	10,364
Decrease in assumption (Rupees in thousand)	**(8,671)**	(8,479)

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

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

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

Discount rate risk
The risk of changes in discount rate, since discount rate is based on corporate / government bonds, any decrease in bond yields will increase plan liabilities.

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

Mortality risk
The risk that the actual mortality experience is lighter than that of expected i.e. the actual life expectancy is longer than assumed.

Withdrawal risk
The risk of actual withdrawals experience may be different from that assumed in the calculation.

	2020	2019
	(RUPEES IN THOUSAND)	

10. TRADE AND OTHER PAYABLES

	2020	2019
Creditors	**294,586**	393,771
Accrued liabilities (Note 10.1 and 10.2)	**350,788**	335,425
Advances from customers	**81,965**	52,167
Income tax deducted at source	**10,430**	7,732
Workers' profit participation fund	**2,446**	-
	740,215	789,095

10.1 These include insurance premium of Rupees 2.110 million (2019: Rupees 0.487 million) due to Premier Insurance Limited, a related party.

10.2 These include rental for leasehold premises of Rupees 8.194 million (2019: Rupees 7.831 million) due to Crescot Mills Limited, the subsidiary company.

11. UNCLAIMED DIVIDEND

As at the reporting date, the Company is in the process of complying with the provisions of section 244 of the Companies Act, 2017.

12. ACCRUED MARK-UP

	2020	2019
Long term financing	**7,461**	6,677
Short term borrowings	**16,248**	15,018
	23,709	21,695

13. SHORT TERM BORROWINGS

	2020	2019
From banking company - secured		
Cash finances (Note 13.1)	**525,011**	339,068
Others - unsecured		
Other related parties (Note 13.2)	**300,257**	284,823
Temporary bank overdrawn	**16,001**	36,946
	316,258	321,769
	841,269	660,837

13.1 These form part of total credit facility of Rupees 1,250 million (2019: Rupees 1,250 million) and carries mark-up at the rates of 1 month KIBOR plus 2 percent and 3 months KIBOR plus 2 percent (2019: 3 months KIBOR plus 2 percent) per annum. These are secured against charge, pledge and hypothecation over fixed and current assets of the Company and personal guarantee of directors and an executive. The rate of mark-up ranges from 10.35 percent to 15.85 percent (2019: 8.92 percent to 12.99 percent) per annum during the year on the balances outstanding.

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

14. CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) Certain additions have been made by the assessing officers in tax years 1993, 2002, 2006 and 2010 on various grounds and have created demand of Rupees 6.355 million (2019: Rupees 6.335 million). The Company, being aggrieved, has filed appeals with Lahore High Court, Lahore and with Supreme Court of Pakistan, which are still pending. Dates of the institution of above mentioned appeals were 14 October 2002, 22 July 2008, 05 September 2016 and 05 April 2017 respectively. No provision has been made in these financial statements against the aforesaid demand as the management is hopeful for positive outcome of the appeals filed by the Company.

ii) The Company filed a suit against Crescent Fibres Limited (CFL) for the recovery of Rupees 23.000 million (2019: Rupees 23.000 million) along with mark-up in Civil Court, Lahore. CFL filed an application seeking rejection of the suit but the said application was dismissed by Civil Court, Lahore. Against this rejection, CFL filed civil revision petition before Lahore High Court, Lahore on 08 October 2016 and under order of Lahore High Court, Lahore, the proceedings before Civil Court, Lahore were stayed. No provision against this receivable has been made in these financial statements as the management is hopeful that the case will be decided in favour of the Company and all the outstanding dues will be recovered.

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

iv) Guarantees of Rupees 67.001 million (2019: Rupees 47.353 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited, Sui Southern Gas Pipelines Limited and Lahore Electric Supply Company Limited against gas and electricity connections.

v) Cheques of Rupees 32.485 million (2019: Rupees 32.485 million) are issued to Nazir of Sindh High Court as security against impugned gas rate difference suit. If the outcome of the suit comes against the Company, cheques issued as security shall be encashable.

b) Commitments

i) There was no commitments in respect of capital expenditure as at 30 June 2020 (2019: Rupees Nil).
ii) Letters of credit other than for capital expenditure are of Rupees 67.968 million (2019: Rupees Nil).

15. PROPERTY, PLANT AND EQUIPMENT

	2020	2019
	(RUPEES IN THOUSAND)	
Operating fixed assets (Note 15.1)	**4,926,601**	4,891,284
Capital work-in-progress (Note 15.2)	**270**	390
	4,926,871	4,891,674

15.1 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
At 30 June 2018	(RUPEES IN THOUSAND)										
Cost / revalued amount	3,060,060	278,987	1,113,573	97,980	72,462	22,437	14,513	32,885	12,306	1,058	4,706,261
Accumulated depreciation	-	(125,080)	(556,600)	(66,686)	(25,538)	(15,660)	(9,131)	(15,435)	(10,856)	(955)	(825,941)
Net book value	3,060,060	153,907	556,973	31,294	46,924	6,777	5,382	17,450	1,450	103	3,880,320
Year ended 30 June 2019											
Opening net book value	3,060,060	153,907	556,973	31,294	46,924	6,777	5,382	17,450	1,450	103	3,880,320
Effect of surplus on revaluation	1,056,721	-	-	-	-	-	-	-	-	-	1,056,721
Additions	-	124	35,457	1,335	1,459	-	362	3,076	596	47	42,456
Disposals:											
Cost	-	-	(22,872)	-	-	-	-	(1,778)	-	-	(24,650)
Accumulated depreciation	-	-	21,121	-	-	-	-	1,382	-	-	22,503
	-	-	(1,751)	-	-	-	-	(396)	-	-	(2,147)
Depreciation charge	-	(15,116)	(57,511)	(3,074)	(4,740)	(691)	(550)	(3,612)	(738)	(34)	(86,066)
Closing net book value	4,116,781	138,915	533,168	29,555	43,643	6,086	5,194	16,518	1,308	116	4,891,284
At 30 June 2019											
Cost / revalued amount	4,116,781	279,111	1,126,158	99,315	73,921	22,437	14,875	34,183	12,902	1,105	5,780,788
Accumulated depreciation	-	(140,196)	(592,990)	(69,760)	(30,278)	(16,351)	(9,681)	(17,665)	(11,594)	(989)	(889,504)
Net book value	4,116,781	138,915	533,168	29,555	43,643	6,086	5,194	16,518	1,308	116	4,891,284
Year ended 30 June 2020											
Opening net book value	4,116,781	138,915	533,168	29,555	43,643	6,086	5,194	16,518	1,308	116	4,891,284
Additions	-	-	34,999	81,629	1,046	365	-	1,228	122	-	119,389
Disposals:											
Cost	-	-	-	-	-	-	-	(6,028)	-	-	(6,028)
Accumulated depreciation	-	-	-	-	-	-	-	3,676	-	-	3,676
	-	-	-	-	-	-	-	(2,352)	-	-	(2,352)
Depreciation charge	-	(13,624)	(54,752)	(3,929)	(4,397)	(627)	(519)	(3,225)	(609)	(38)	(81,720)
Closing net book value	4,116,781	125,291	513,415	107,255	40,292	5,824	4,675	12,169	821	78	4,926,601
At 30 June 2020											
Cost / revalued amount	4,116,781	279,111	1,161,157	180,944	74,967	22,802	14,875	29,383	13,024	1,105	5,894,149
Accumulated depreciation	-	(153,820)	(647,742)	(73,689)	(34,675)	(16,978)	(10,200)	(17,214)	(12,203)	(1,027)	(967,548)
Net book value	4,116,781	125,291	513,415	107,255	40,292	5,824	4,675	12,169	821	78	4,926,601
Depreciation rate per annum (%)	-	5, 10	10	10	10	10, 12	10	20	50	10, 25	

15.1.1 The book value of freehold land on cost basis is Rupees 93.209 million (2019: Rupees 93.209 million).

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

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

	2020	2019
	(RUPEES IN THOUSAND)	
Cost of sales (Note 28)	**76,961**	80,746
Administrative expenses (Note 30)	**4,759**	5,320
	81,720	86,066

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

Particulars	Location	Area of land	Covered Area of
		Acers	**Sq. Ft.**
Head office and manufacturing facility of embroidery	New Lahore Road, Nishatabad, Faisalabad, Punjab	87.20	80 214
Manufacturing facility of Spinning and Hosiery	Chak No. 44 R.B., Kotla Kahlawan, Tehsil Shahkot, District Nankana Sahib, Punjab	44.74	338 046
Manufacturing facility of Spinning	45-Km Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab	11.47	178 417
Manufacturing facility of Spinning *	S.I.T.E. Kotri, District Jamshoro, Sindh	25.00	213 527

*This building was constructed and capitalized at S.I.T.E. Kotri, District Jamshoro, Sindh at the premises taken on rent from Crescot Mills Limited, the subsidiary company.

	2020	2019
	(RUPEES IN THOUSAND)	
15.2 CAPITAL WORK-IN-PROGRESS		
Plant and machinery	**270**	390
16. INVESTMENT PROPERTIES		
Balance as on 01 July	**258,878**	250,111
Fair value gain (Note 32)	**5,346**	8,767
Balance as on 30 June	**264,224**	258,878

16.1 The fair value of investment properties comprising freehold land and buildings thereon at Nishatabad, Faisalabad has been determined on 30 June 2020 by Messrs Evaluation Focused Consulting, an independent valuer.

16.2 Forced sale value of investment properties as on the reporting date is Rupees 224.590 million (2019: Rupees 220.046 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

	2020	2019
	(RUPEES IN THOUSAND)	

17. LONG TERM INVESTMENTS

	2020	2019
Equity instruments (Note 17.1)	**6,684**	8,097
Debt instruments (Note 17.2)	**-**	19,853
	6,684	27,950

17.1 Equity instruments

	2020	2019
Subsidiary Company - Unquoted		
Crescot Mills Limited 1 932 187 (2019: 1 932 187) ordinary shares of Rupees 10 each fully paid. Equity held 66.15% (2019: 66.15%)	**-**	-
At Fair value through Other Comprehensive Income		
Associated companies - quoted		
Premier Insurance Limited 303 384 (2019: 303 384) ordinary shares of Rupees 10 each fully paid. Equity held 0.60% (2019: 0.60%)	**75**	75
Crescent Jute Products Limited Nil (2019: 201 933) ordinary shares of Rupees 10 each fully paid. Equity held Nil (2019: 0.85%) (Note 17.1.1)	**-**	-
Jubilee Spinning and Weaving Mills Limited 474 323 (2019: 474 323) ordinary shares of Rupees 10 each fully paid. Equity held 1.46% (2019: 1.46%)	**427**	427
Unquoted		
Premier Financial Services (Private) Limited Nil (2019: 2 500) ordinary shares of Rupees 1,000 each fully paid. Equity held Nil (2019: 11.11%) (Note 17.1.2)	**-**	2500
Others		
Quoted		
Crescent Jute Products Limited 201 933 (2019: Nil) ordinary shares of Rupees 10 each fully paid. Equity held 0.85% (2019: Nil)	**-**	-

	2020	2019
	(RUPEES IN THOUSAND)	
Crescent Fibres Limited 71 820 (2019: 71 820) ordinary shares of Rupees 10 each fully paid. Equity held 0.58% (2019: 0.58%)	**615**	615
Security Papers Limited 522 (2019: 522) ordinary shares of Rupees 10 each fully paid.	**1**	1
Unquoted		
Premier Financial Services (Private) Limited 2 500 (2019: Nil) ordinary shares of Rupees 1,000 each fully paid. Equity held 11.11% (2019: Nil)	**2500**	-
Crescent Modaraba Management Company Limited 119 480 (2019: 119 480) ordinary shares of Rupees 10 each fully paid. Equity held 6.52% (2019: 6.52%)	**284**	284
Crescent Bahuman Limited 1 043 988 (2019: 1 043 988) ordinary shares of Rupees 10 each fully paid. Equity held 0.77% (2019: 0.77%)	**-**	-
Crescent Spinning Mills Limited 696 000 (2019: 696 000) ordinary shares of Rupees 10 each fully paid. Equity held 4.59% (2019: 4.59%)	**-**	-
	3,902	3,902
Add: Fair value adjustment	**2,782**	4,195
	6,684	8,097

17.1.1 Crescent Jute Products Limited has ceased to be the associated company in February 2020 due to elimination of common directorship.

17.1.2 Premier Financial Services (Private) Limited has ceased to be the associated company in January 2020 due to elimination of common directorship.

17.2 Debt Instruments

At amortised cost

	2020	2019
Sales tax refund bonds (Note 17.2.1) Nil (2019: 197) bonds of Rupees 100,000 each	-	19,700
Add: Accrued interest	-	153
	-	19,853

17.2.1 During the year sales tax refund bonds issued by Federal Board of Revenue (FBR) Refund Settlement Company Limited, under section 67A of Sales Tax Act, 1990 have been encashed on 05 December 2019.

	2020	2019
	(RUPEES IN THOUSAND)	
18. DEFERRED INCOME TAX ASSET		
Taxable temporary differences		
Tax depreciation allowance	**(105,917)**	(98,332)
Fair value reserve of investments	**-**	(8,291)
	(105,917)	(106,623)
Deductible temporary differences		
Unused tax losses and minimum tax	**119,105**	106,780
Fair value reserve of investments	**433**	-
Provision for gratuity	**34,473**	27,436
Provision for doubtful receivables	**5,535**	3,432
	159,546	137,648
	53,629	31,025

	2020	2019
19. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	**26,179**	29,329
Spare parts	**40,865**	45,820
Loose tools	**193**	269
	67,237	75,418

	2020	2019
20. STOCK-IN-TRADE		
Raw materials (Note 20.1)	**292,986**	357,022
Work-in-process	**26,831**	37,241
Finished goods (Note 20.2)	**215,800**	77,546
Waste	**4,564**	2,797
	540,181	474,606

20.1 These include stock in transit of Rupees 0.607 million (2019: Rupees 14.268 million).

20.2 These include stock of Rupees 78.329 million (2019: Rupees 44.151 million) sent to outside parties for weaving.

	2020	2019
21. TRADE DEBTS		
Considered good:		
Unsecured	**287,648**	211,095
Less: Allowance for expected credit lossess (Note 21.2)	**(7,327)**	(10,761)
	280,321	200,334

	2020	2019
	(RUPEES IN THOUSAND)	

21.1 As at 30 June 2020, trade debts of Rupees 163.730 million (2019: Rupees 151.292 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:

	2020	2019
Upto 1 month	**32,686**	17,134
1 to 6 months	**93,780**	94,935
More than 6 months	**37,264**	39,223
	163,730	151,292

21.2 Allowance for expected credit losses

	2020	2019
As at 01 July	**10,761**	9,870
Add: Recognized during the year (Note 31)	**3,898**	891
Less: Bad debts written off	**(7,332)**	-
As at 30 June	**7,327**	10,761

22. LOANS AND ADVANCES

Considered good:

	2020	2019
Employees - interest free:		
Against expenses	**5,922**	4,390
Against salary (Note 22.1)	**12,333**	11,815
	18,255	16,205
Advances to suppliers / contractors	**51,282**	50,215
Letters of credit	**161**	-
	69,698	66,420

22.1 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.

23. PREPAYMENTS AND BALANCES WITH STATUTORY AUTHORITY

Considered good:

	2020	2019
Prepayments	**3,311**	2,291
Balances with statutory authority:		
Advance income tax	**227,912**	123,680
Sales tax and excise duty refundable	**116,255**	78,695
	344,167	202,375
	347,478	204,666

	2020	2019
	(RUPEES IN THOUSAND)	
24. OTHER RECEIVABLES		
Considered good:		
Duty drawback and export rebate	**650**	10,018
Others	**65,656**	59,388
	66,306	69,406
Less: Allowance for doubtful other receivables	**(11,760)**	(11,760)
	54,546	57,646

	2020	2019
25. SHORT TERM INVESTMENTS		
At fair value through other comprehensive income		
Associated companies - quoted		
Shakarganj Limited Nil (2019: 1 531 193) ordinary shares of Rupees 10 each fully paid. Equity held Nil (2019: 1.22%) (Note 25.1)	**-**	9,631
Crescent Steel and Allied Products Limited Nil (2019: 76) ordinary shares of Rupees 10 each fully paid. (Note 25.2)	**-**	1
Others - quoted		
Shakarganj Limited 1 238 693 (2019: Nil) ordinary shares of Rupees 10 each fully paid. Equity held 0.99% (2019: Nil)	**7,791**	-
Crescent Steel and Allied Products Limited 76 (2019: Nil) ordinary shares of Rupees 10 each fully paid.	**1**	-
Samba Bank Limited 2 579 313 (2019: 2 799 813) ordinary shares of Rupees 10 each fully paid. Equity held 0.26% (2019: 0.28%)	**7,091**	7,697
The Crescent Textile Mills Limited 4 359 891 (2019: 4 359 891) ordinary shares of Rupees 10 each fully paid. Equity held 5.45% (2019: 5.45%)	**45,598**	45,598
	60,481	62,927
Add: Fair value adjustment	**111,756**	119,055
	172,237	181,982

	2020	2019
	(RUPEES IN THOUSAND)	

25.1 Shakarganj Limited has ceased to be the associated company in June 2020 due to elimination of common directorship.

25.2 Crescent Steel and Allied Products Limited has ceased to be the associated company in January 2020 due to elimination of common directorship.

26. CASH AND BANK BALANCES

	2020	2019
With banks:		
On current accounts	**41,034**	49,512
Cash in hand	**634**	763
	41,668	50,275

27. REVENUE

	2020	2019
Local sales (Note 27.1)	**5,149,890**	7,124,312
Export sales (Note 27.2)	**365,392**	268,260
Export rebate and duty drawback	**1,902**	462
	5,517,184	7,393,034

27.1 Local Sales

	2020	2019
Yarn	**5,883,780**	7,079,712
CMT income	**731**	-
Cloth	**37,894**	2,777
Waste	**46,817**	46,365
	5,969,222	7,128,854
Less: Sales tax	**819,332**	4,542
	5,149,890	7,124,312

27.2 Export sales

	2020	2019
Yarn	**2,322**	115,406
Cloth	**352,427**	152,854
Hosiery	**10,643**	-
	365,392	268,260

	2020	2019
	(RUPEES IN THOUSAND)	

28. COST OF SALES

	2020	2019
Raw materials consumed	**3,871,272**	5,492,072
Salaries, wages and other benefits (Note 28.1)	**383,080**	543,503
Stores, spare parts and loose tools consumed	**137,962**	149,648
Fuel and power	**755,067**	721,096
Outside weaving / other charges	**23,283**	19,283
Other manufacturing overheads	**11,149**	12,454
Insurance	**8,853**	8,708
Repair and maintenance	**1,796**	7,304
Depreciation (Note 15.1.3)	**76,961**	80,746
	5,269,423	7,034,814
Work-in-process		
Opening stock	**37,241**	29,916
Closing stock	**(26,831)**	(37,241)
	10,410	(7,325)
Cost of goods manufactured	**5,279,833**	7,027,489
Finished goods		
Opening stock	**80,343**	153,505
Closing stock	**(220,364)**	(80,343)
	(140,021)	73,162
	5,139,812	7,100,651
Cost of goods purchased for resale	**12,014**	3,805
	5,151,826	7,104,456

28.1 Salaries, wages and other benefits include staff retirement benefit amounting to Rupees 29.341 million (2019: Rupees 25.589 million).

29. DISTRIBUTION COST

	2020	2019
Freight and forwarding	**24,734**	25,906
Commission to selling agents	**20,940**	22,418
Insurance	**624**	723
Loading and handling	**7,829**	10,515
Others	**566**	469
	54,693	60,031

	2020	2019
	(RUPEES IN THOUSAND)	

30. ADMINISTRATIVE EXPENSES

	2020	2019
Salaries and other benefits (Note 30.1)	**119,293**	107,788
Workers' welfare	**2,458**	2,382
Traveling and conveyance	**4,678**	3,964
Insurance	**2,653**	2,665
Rent, rates and taxes	**9,292**	8,746
Entertainment	**2,705**	3,115
Fee and subscription	**1,404**	1,437
Communication	**2,851**	3,248
Vehicles' running	**14,981**	10,604
Repair and maintenance	**7,075**	13,292
Utilities	**7,664**	8,084
Printing and stationery	**1,686**	1,497
Books and periodicals	**51**	66
Advertisement	**50**	39
Auditor's remuneration:		
Statutory audit	**1,200**	1,100
Other certifications including half yearly review	**400**	500
Out of pocket expenses	**45**	45
	1,645	1,645
Legal and professional	**3,453**	3,669
Miscellaneous	**4,437**	5,427
Depreciation (Note 15.1.3)	**4,759**	5,320
	191,135	182,988

30.1 Salaries and other benefits include staff retirement benefit amounting to Rupees 9.289 million (2019: Rupees 7.036 million).

31. OTHER EXPENSES

	2020	2019
Donations (Note 31.1)	**179**	20
Workers' profit participation fund (Note 10)	**2,446**	-
Trade debts written off	**172**	-
De-recognition of accrued interest on debt instruments	**153**	-
Allowance under expected credit losses (Note 21.2)	**3,898**	891
	6,848	911

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

	2020	2019
	(RUPEES IN THOUSAND)	

32. OTHER INCOME

	2020	2019
Income from financial assets		
Net exchange gain	**8,786**	2,423
Interest income on sales tax refund bonds	**-**	153
Dividend income (Note 32.1)	**2,620**	4
	11,406	2,580
Income from non-financial assets		
Rental income	**25,319**	21,696
Scrap sales	**990**	1,034
Gain on sale of property, plant and equipment	**344**	716
Gain on remeasurement of fair value of investment properties (Note 16)	**5,346**	8,767
	31,999	32,213
	43,405	34,793

32.1 Dividend income

	2020	2019
The Crescent Textile Mills Limited	**2,616**	-
Security Papers Limited	**4**	4
	2,620	4

33. FINANCE COST

	2020	2019
Mark-up on:		
Long term financing	**30,495**	25,094
Short term borrowings	**70,601**	54,684
Bank charges and commission	**3,174**	3,870
	104,270	83,648

34. TAXATION

	2020	2019
Current		
- For the year (Note 34.1)	**80,667**	90,192
- Prior year	**(41,295)**	(139)
	39,372	90,053
Deferred	**(29,103)**	(2,699)
	10,269	87,354

34.1 Provision for current taxation represents the final tax against export sales, minimum tax on local sales and tax on different heads of other income under the relevant provisions of the Income Tax Ordinance, 2001. Tax losses available as at 30 June 2020 are Rupees 337.374 million (2019: Rupees 368.206 million). Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not presented, being impracticable.

35. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings / (loss) per share which is based on:

		2020	2019
Profit / (loss) after taxation	(Rupees in thousand)	**41,548**	(91,561)
Weighted average number of ordinary shares	(Numbers)	**22 660 126**	22 660 126
Earnings / (loss) per share	(Rupees)	**1.83**	(4.04)

36. CASH GENERATED FROM OPERATIONS

	2020	2019
	(RUPEES IN THOUSAND)	
Profit / (loss) before taxation	**51,817**	(4,207)
Adjustments for non cash charges and other items:		
Depreciation	**81,720**	86,066
Provision for employees' retirement benefit	**38,630**	32,624
Gain on sale of property, plant and equipment	**(344)**	(716)
Gain on remeasurement of fair value of investment properties	**(5,346)**	(8,767)
De-recognition / (recognition) of accrued interest on debt instruments	**153**	(153)
Allowance for expected credit losses	**3,898**	891
Trade debts written off	**172**	-
Provision for workers profit participation fund	**2,446**	-
Finance cost	**104,270**	83,648
Working capital changes (Note 35.1)	**(211,835)**	(166,702)
	65,581	22,684

	2020	2019
	(RUPEES IN THOUSAND)	

36.1 Working capital changes

Decrease / (increase) in current assets

	2020	2019
Stores, spare parts and loose tools	**8,181**	(18,530)
Stock-in-trade	**(65,575)**	(79,265)
Trade debts	**(84,057)**	(101,624)
Loans and advances	**(3,278)**	(22,685)
Prepayments and balances with statutory authority	**(18,880)**	(23,000)
Other receivables	**3,100**	18,413
	(160,509)	(226,691)
(Decrease) / increase in trade and other payables	**(51,326)**	59,989
	(211,835)	(166,702)

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

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

	2019			
	Long term Financing	Short term borrowings	Unclaimed dividend	Total
	(RUPEES IN THOUSAND)			
Balance as at 01 July	225,786	528,780	3,940	758,506
Short term borrowings obtained - net	-	132,057	-	132,057
Repayment of financing	(35,650)	-	-	(35,650)
Dividend declared	-	-	2,266	2,266
Dividend paid	-	-	(2,178)	(2,178)
Balance as at 30 June	190,136	660,837	4,028	855,001

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, other than those which have been specifically disclosed elsewhere in these financial statements is as follows:

Name	Basis of relationship	Nature of transaction	2020	2019
			(RUPEES IN THOUSAND)	
Subsidiary company				
Crescot Mills Limited (Note 37.1)	66.15 % shareholding and common directorship	Lease rentals	**3,375**	4,500
		Stores consumed by Company	**35**	17
Associated companies				
Crescent Powertec Limited	Common directorship	Dividend paid	**-**	12
Premier Insurance Limited	Common directorship	Insurance premium	**11,502**	12,123
		Dividend paid	**-**	21
Other related parties				
Directors / executives / sponsors	Members of Board of Directors, key management personnel and sponsors	Loan received-net	**15,434**	31,137
		Dividend paid	**-**	414

37.1 During the year the Company has recognized lease rentals for nine months upto March 2020. The operations of Spinning Unit No. 3 on leased premises remained suspended from March 2020 to June 2020 due to the COVID-19 pandemic. The lessor has waived off the rentals for three months from March 2020 to June 2020 due to the adverse impacts of COVID-19 pandemic.

37.2 Detail of compensation to key management personnel comprising of Chief Executive Officer, Directors and Executives is given 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 are as follows:

	Chief Executive Officer		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	(RUPEES IN THOUSAND)					
Managerial remuneration	**7,502**	7,502	**10,019**	9,905	**20,632**	19,295
Allowances:						
Housing	**3,376**	3,376	**4,446**	4,389	**9,221**	8,614
Utilities	**750**	750	**988**	975	**2,049**	1,914
Group insurance	**-**	-	**11**	11	**34**	34
Reimbursable expenses	**750**	750	**988**	975	**2,038**	1,903
	12,378	12,378	**16,452**	16,255	**33,974**	31,760
Number of persons	**1**	1	**2**	2	**6**	6

38.1 Aggregate amount charged in the financial statements for meeting fee to five directors (2019: five directors) was Rupees 620,000 (2019: Rupees 580,000).

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

38.3 No remuneration was paid to non-executive directors of the Company.

39. NUMBER OF EMPLOYEES

	2020	2019
	(NUMBER OF PERSONS)	
Number of employees as on 30 June	991	1 291
Average number of employees during the year	1 006	1 299

39.1 These include only permanent employees of the Company.

40. SEGMENT INFORMATION

	Textiles		Trading		Elimination of inter - segment transactions		Total - Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	(RUPEES IN THOUSAND)							
Revenue								
External	**5,132,369**	7,237,431	**384,815**	155,603	**-**	-	**5,517,184**	7,393,034
Intersegment	**383,618**	113,070	**-**	-	**(383,618)**	(113,070)	**-**	-
	5,515,987	7,350,501	**384,815**	155,603	**(383,618)**	(113,070)	**5,517,184**	7,393,034
Cost of sales	**(5,194,522)**	(7,103,153)	**(340,922)**	(114,373)	**383,618**	113,070	**(5,151,826)**	(7,104,456)
Gross profit	**321,465**	247,348	**43,893**	41,230	**-**	-	**365,358**	288,578
Distribution cost	**(35,965)**	(52,455)	**(18,728)**	(7,576)	**-**	-	**(54,693)**	(60,031)
Administrative expenses	**(186,570)**	(181,908)	**(4,565)**	(1,080)	**-**	-	**(191,135)**	(182,988)
Other income	**34,735**	33,445	**8,670**	1,348	**-**	-	**43,405**	34,793
Finance cost	**(102,357)**	(82,621)	**(1,913)**	(1,027)	**-**	-	**(104,270)**	(83,648)
Profit / (loss) before taxation and unallocated expenses	**31,308**	(36,191)	**27,357**	32,895	**-**	-	**58,665**	(3,296)
Unallocated expenses:								
Other expenses							**(6,848)**	(911)
Taxation							**(10,269)**	(87,354)
Profit / (loss) after taxation							**41,548**	(91,561)

40.1 Reconciliation of reportable segment assets and liabilities:

	Textiles		Trading		Total - Company	
	2020	2019	2020	2019	2020	2019
	(RUPEES IN THOUSAND)					
Total assets for reportable segments	**6,681,693**	6,490,116	**94,141**	3,500	**6,775,834**	6,493,616
Unallocated asset:						
Deferred income tax asset					**53,629**	31,025
Total assets as per statement of financial position					**6,829,463**	6,524,641
Total liabilities for reportable segments	**1,939,731**	1,766,932	**22,056**	-	**1,961,787**	1,766,932
Unallocated liability:						
Provision for taxation					**170,720**	90,053
Total liabilities as per statement of financial position					**2,132,507**	1,856,985

40.2 Geographical information

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

	Textiles		Trading		Total	
	2020	2019	2020	2019	2020	2019
	(RUPEES IN THOUSAND)					
Africa	**-**	14,460	**352,426**	141,715	**352,426**	156,175
America	**14,868**	-	**-**	-	**14,868**	-
Asia	**-**	100,946	**-**	11,601	**-**	112,547
Pakistan	**5,117,501**	7,122,025	**32,389**	2,287	**5,149,890**	7,124,312
	5,132,369	7,237,431	**384,815**	155,603	**5,517,184**	7,393,034

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

40.4 Revenue from major customers

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

41. PLANT CAPACITY AND ACTUAL PRODUCTION

		2020	2019
Spinning:			
100% plant capacity converted to 20s count based on 3 shifts per day for 1060 shifts (2019: 1095 shifts)	Kgs.	26 654 697	31 796 478
Actual production converted to 20s count based on 3 shifts per day for 1060 shifts (2019: 1095 shifts)	Kgs.	23 681 117	31 312 549

Embroidery and Hosiery:

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

41.1 Reason For Low Production

Plant capacity of spinning segment has been adjusted to incorporate the impact of temporary suspension due to lockdown announced by Federal Government and Provincial Governments to curtail the spread of COVID-19 pandemic. Moreover, the under utilization of available capacity of spinning segment is mainly due to normal repair and maintenance.

42. FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The 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). 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:

	2020	2019
Trade debts - USD	**553,778**	103,339

Following significant exchange rates were applied during the year:

Rupees per US Dollar	2020	2019
Average rate	**164.00**	140.90
Reporting date rate	**168.25**	159.75

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit / (loss) after taxation for the year would have been Rupees 4.426 million higher / lower (2019: Rupees 0.825 million lower / higher), 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)	
	2020	**2019**
	(RUPEES IN THOUSANDS)	
PSX 100 (5% increase)	8,902	9,383
PSX 100 (5% decrease)	(8,902)	(9,383)

(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:

	2020	**2019**
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial assets		
Sales tax refund bonds	**-**	19,700
Financial liabilities		
Long term financing	**76,054**	-
Floating rate instruments		
Financial liabilities		
Long term financing	**149,485**	190,136
Short term borrowings	**525,011**	339,068

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 / (loss) after taxation for the year would have been Rupees 6.408 million lower / higher (2019: Rupees 5.292 million higher / lower), 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:

	2020	2019
	(RUPEES IN THOUSAND)	
Investments	**178,921**	209,932
Loans and advances	**12,333**	11,815
Deposits	**4,689**	3,767
Trade debts	**280,321**	200,334
Other receivables	**53,896**	47,628
Bank balances	**41,034**	49,512
	571,194	522,988

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			2020	2019
	Short Term	Long Term	Agency	Rupees in Thousands	
Banks					
Conventional Accounts					
National Bank of Pakistan	A1+	AAA	PACRA	**3,042**	12,537
Allied Bank Limited	A1+	AAA	PACRA	**59**	53
Bank Alfalah Limited	A1+	AA+	PACRA	**4,890**	6,491
Habib Bank Limited	A-1+	AAA	VIS	**4,109**	8,666
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**6,211**	2,012
Faysal Bank Limited	A1+	AA	PACRA	**20**	20
MCB Bank Limited	A1+	AAA	PACRA	**56**	598
United Bank Limited	A-1+	AAA	VIS	**9,162**	2,097
Askari Bank Limited	A1+	AA+	PACRA	**11**	36
Bank Al-Habib Limited	A1+	AA+	PACRA	**762**	1,750
The Bank of Punjab	A1+	AA	PACRA	**251**	99
Sindh Bank Limited	A-1	A+	VIS	**89**	12
JS Bank Limited	A1+	AA-	PACRA	**19**	5
				28,681	34,376

Shariah Compliant Accounts

Meezan Bank Limited	A-1+	AA+	VIS	**8,492**	13,537
Faysal Bank Limited	A1+	AA	PACRA	**56**	1,546
MCB Islamic Bank Limited	A1	A	PACRA	**59**	35
Bank Al-Habib Limited	A1+	AA+	PACRA	**427**	-
Askari Bank Limited	A1+	AA+	PACRA	**3,301**	-
Bank Alfalah Limited	A1+	AA+	PACRA	**18**	18
				12,353	15,136
				41,034	49,512

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 21.

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 2020, the Company had Rupees 724.989 million (2019: Rupees 910.932 million) available borrowing limits from financial institutions and Rupees 41.668 million (2019: Rupees 50.275 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 2020:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	(RUPEES IN THOUSAND)					
Non-derivative financial liabilities:						
Long term financing	225,539	289,927	18,511	36,440	77,655	157,321
Trade and other payables	645,374	645,374	645,374	-	-	-
Unclaimed dividend	3,980	3,980	3,980	-	-	-
Accrued mark-up	23,709	23,709	23,709	-	-	-
Short term borrowings	841,269	875,229	875,229	-	-	-
	1,739,871	1,838,219	1,566,803	36,440	77,655	157,321

Contractual maturities of financial liabilities as at 30 June 2019:

Non-derivative financial liabilities:

Long term financing	190,136	236,266	47,235	33,936	62,216	92,879
Trade and other payables	729,196	729,196	729,196	-	-	-
Unclaimed dividend	4,028	4,028	4,028	-	-	-
Accrued mark-up	21,695	21,695	21,695	-	-	-
Short term borrowings	660,837	686,687	686,687	-	-	-
	1,605,892	1,677,872	1,488,841	33,936	62,216	92,879

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 13 to these financial statements.

Carrying amount of long term financing as at 30 June 2020 includes overdue installments of principal amounting to Rupees Nil (2019: Rupees 11.883 million).

42.2 Financial instruments by categories

	2020			2019		
	At amortized cost	At FVTOCI	Total	At amortized cost	At FVTOCI	Total
	(RUPEES IN THOUSAND)					
Assets as per statement of financial position						
Investments	-	178,921	178,921	-	209,932	209,932
Loans and advances	12,333	-	12,333	11,815	-	11,815
Deposits	4,689	-	4,689	3,767	-	3,767
Trade debts	280,321	-	280,321	200,334	-	200,334
Other receivables	53,896	-	53,896	47,628	-	47,628
Cash and bank balances	41,668	-	41,668	50,275	-	50,275
	392,907	178,921	571,828	313,819	209,932	523,751

	2020	2019
	Financial liabilities at amortized cost	
	(RUPEES IN THOUSAND)	
Liabilities as per statement of financial position		
Long term financing	**225,539**	190,136
Accrued mark-up	**23,709**	21,695
Short term borrowings	**841,269**	660,837
Trade and other payables	**645,374**	729,196
Unclaimed dividend	**3,980**	4,028
	1,739,871	1,605,892

42.3 Offsetting financial assets and financial liabilities

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

42.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in Note 8 and Note 13 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

		2020	2019
Borrowings	Rupees in thousand	**1,066,808**	850,973
Total equity	Rupees in thousand	**4,696,956**	4,667,656
Total capital employed	Rupees in thousand	**5,763,764**	5,518,629
Gearing ratio	Percentage	**18.51**	15.42

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

43. RECOGNIZED 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 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 2020	Level 1	Level 2	Level 3	Total
	(RUPEES IN THOUSAND)			
Financial assets				
At fair value through other comprehensive income	178,048	-	873	178,921
Total financial assets	178,048	-	873	178,921

Recurring fair value measurements At 30 June 2019	Level 1	Level 2	Level 3	Total
	(RUPEES IN THOUSAND)			
Financial assets				
At fair value through other comprehensive income	187,659	-	2,420	190,079
Total financial assets	187,659	-	2,420	190,079

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.

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is

(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 2020				
Investment properties	-	264,224	-	264,224
Freehold land	-	4,116,781	-	4,116,781
Total non-financial assets	-	4,381,005	-	4,381,005

	Level 1	Level 2	Level 3	Total
	(RUPEES IN THOUSAND)			
At 30 June 2019				
Investment properties	-	258,878	-	258,878
Freehold land	-	4,116,781	-	4,116,781
Total non-financial assets	-	4,375,659	-	4,375,659

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

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

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

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

Valuation Process

The Company engages external, independent and qualified valuer to determine the fair value of the Company's investment properties at the end of every financial year and for freehold land at least after every three years. As at 30 June 2020, the fair value of the investment properties have been determined by Messrs Evaluation Focused Consulting. The valuation of freehold land has been performed by Messrs Evaluation Focused Consulting as at 30 June 2019.

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

45. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2020	2019
		(RUPEES IN THOUSAND)	
Revenue earned from shariah compliant business	27	**5,517,184**	7,393,034
Exchange gain earned	32	**8,786**	2,423
Gain or dividend earned from shariah compliant investments			
Gain on sale of investments measured at FVTOCI	32	**10,362**	9,274
Dividend income	32	**4**	4
Unrealized loss on remeasurement of investments measured at FVTOCI		**(8,602)**	(47,200)
Shariah compliant bank deposits and bank balances			
Bank balances	42.1 (b)	**12,353**	15,136
Profits earned or interest paid on any conventional loan / advance			
Mark-up on long term financing	33	**30,495**	25,094
Mark-up on short term borrowings	33	**70,601**	54,684
Interest income on sales tax refund bonds	32	**-**	153
Loans / advances obtained as per Islamic mode			
Advances from customers	10	**81,965**	52,167
Short term borrowings	13	**316,258**	321,769

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 ____________________by the Board of Directors of the Company.

47. CORRESPONDING FIGURES

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made except for gain on disposal of equity investments at fair value through other comprehensive income of Rupees 9.298 million which has to be deducted from 'fair value reserve' and charged to 'unappropriated profit' directly in equity instead of netting off from 'unappropriated profit'.

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

YEARN ENDED 30 JUNE 2020

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 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Emphasis of Matter

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

Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	**Inventory existence and valuation** Inventories as at 30 June 2020 amounting to Rupees 609.908 million, break up of which is as follows: - Stores, spare parts and loose tools of Rupees 69.727 million - Stock-in-trade of Rupees 540.181 million	Our procedures over existence and valuation of inventories included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we

	Inventories are stated at lower of cost and net realizable value. We identified existence and valuation of inventories as a key audit matter due to their size, representing 8.90% of the total assets of the Company as at 30 June 2020, and the judgment involved in valuation. For further information on inventories, refer to the following: - Summary of significant accounting policies, Inventories (Note 2.10 to the consolidated financial statements). - Stores, spare parts and loose tools (Note 20) and Stock-in-trade (Note 21) to the consolidated financial statements.	performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. • We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. • We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the consolidated financial statements.

2.	**Revenue recognition** The Group recognized revenue of Rupees 5,517.184 million for the year ended 30 June 2020. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Group and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information on revenue recognition, refer to the following: - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.12 to the financial statements). - Revenue (Note 28 to the financial statements).	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • We compared the detail of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation; • We also considered the appropriateness of disclosures in the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad
October, 07, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	NOTE	2020	2019
		(RUPEES IN THOUSAND)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
30 000 000 (2019: 30 000 000) ordinary shares of Rupees 10 each		**300,000**	300,000
Issued, subscribed and paid up share capital	3	**226,601**	226,601
Capital reserves			
Premium on issue of shares reserve	4	**5,496**	5,496
Plant modernization reserve		**12,000**	12,000
Fair value reserve	5	**22,257**	22,362
Surplus on revaluation of freehold land and investment properties	6	**4,136,711**	4,136,711
Revenue reserves	7	**307,799**	293,953
Equity attributable to owners of the Holding Company		**4,710,864**	4,697,123
Non-controlling interest		**(3,561)**	(4,013)
Total equity		**4,707,303**	4,693,110
NON-CURRENT LIABILITIES			
Long term financing	8	**195,399**	130,719
Employees' retirement benefit	9	**127,075**	101,141
		322,474	231,860
CURRENT LIABILITIES			
Trade and other payables	10	**736,577**	785,815
Unclaimed dividend	11	**3,980**	4,028
Accrued mark-up	12	**37,911**	35,897
Short term borrowings	13	**846,269**	665,837
Current portion of long term financing	8	**30,140**	59,417
Provision for taxation		**171,468**	90,984
		1,826,345	1,641,978
TOTAL LIABILITIES		**2,148,819**	1,873,838
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		**6,856,122**	6,566,948

CHIEF EXECUTIVE OFFICER

	NOTE	2020	2019
		(RUPEES IN THOUSAND)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**15**	**4,927,634**	4,892,524
Investment properties	**16**	**287,792**	281,746
Investments in equity accounted investees	**17**	**53,209**	69,215
Other long term investments	**18**	**1,585**	22,825
Long term deposits		**5,211**	4,289
Deferred income tax asset	**19**	**58,496**	46,776
		5,333,927	5,317,375
CURRENT ASSETS			
Stores, spare parts and loose tools	**20**	**69,727**	78,041
Stock-in-trade	**21**	**540,181**	474,606
Trade debts	**22**	**280,321**	200,334
Loans and advances	**23**	**69,698**	66,420
Prepayments and balances with statutory authority	**24**	**348,218**	205,553
Deposit and other receivables	**25**	**58,063**	60,701
Short term investments	**26**	**110,918**	110,242
Cash and bank balances	**27**	**45,069**	53,676
		1,522,195	1,249,573
TOTAL ASSETS		**6,856,122**	6,566,948

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

DIRECTOR

CHIEF FINANCIAL OFFICER

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

	NOTE	2020	2019
		(RUPEES IN THOUSAND)	
REVENUE	28	**5,517,184**	7,393,034
COST OF SALES	29	**(5,151,826)**	(7,104,456)
GROSS PROFIT		**365,358**	288,578
DISTRIBUTION COST	30	**(54,693)**	(60,031)
ADMINISTRATIVE EXPENSES	31	**(189,902)**	(180,775)
OTHER EXPENSES	32	**(6,946)**	(1,737)
OTHER INCOME	33	**46,448**	47,070
FINANCE COST	34	**(104,270)**	(84,271)
		55,995	8,834
SHARE OF (LOSS) / INCOME IN EQUITY ACCOUNTED INVESTEES	17	**(8,610)**	332
PROFIT BEFORE TAXATION		**47,385**	9,166
TAXATION	35	**(28,336)**	(65,430)
PROFIT / (LOSS) AFTER TAXATION		**19,049**	(56,264)
SHARE OF PROFIT / (LOSS) ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		**18,597**	(58,457)
NON-CONTROLLING INTEREST		**452**	2,193
		19,049	(56,264)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)	36	**0.84**	(2.48)

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

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

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

	2020	2019
	(RUPEES IN THOUSAND)	
PROFIT / (LOSS) AFTER TAXATION	**19,049**	(56,264)
OTHER COMPREHENSIVE (LOSS) / INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Experience adjustment on defined benefit plan	**(8,217)**	(8,991)
Deferred income tax related to experience adjustment	**2,225**	2,439
	(5,992)	(6,552)
Surplus on revaluation of freehold land	**-**	1,056,721
Surplus / (deficit) arising on remeasurement of investments at fair value through other comprehensive income	**714**	(20,254)
Deferred income tax relating to investments at fair value through other comprehensive income	**-**	(26)
	714	(20,280)
	(5,278)	1,029,889
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of equity accounted investees	**1,795**	34,419
	-	-
Other comprehensive (loss) / income for the year - net of tax	**(3,483)**	1,064,308
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**15,566**	1,008,044
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	**15,114**	1,005,851
NON-CONTROLLING INTEREST	**452**	2,193
	15,566	1,008,044

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

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

CCML
Crescent Cotton Mills Ltd.

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

	SHARE CAPITAL	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY												NON-CONTROLLING INTEREST	TOTAL EQUITY
		CAPITAL RESERVES					REVENUE RESERVES					TOTAL RESERVES	SHAREHOLDERS' EQUITY		
		Premium on issue of shares	Plant modernization on	Fair value reserve of investments at FVTOCI	Surplus on revaluation of free hold land & investment	Sub total	General reserve	Dividend equalization	Share of associates' reserve	Unappropriated profit	Sub total				
	(RUPEES IN THOUSAND)														
Balance as at 01 July 2018	226,601	5,496	12,000	42,666	3,079,990	3,140,152	44,975	4,000	19,094	259,209	327,278	3,467,430	3,694,031	(6,206)	3,687,825
Transaction with owners - Final dividend for the year ended 30 June 2018 at the rate of Rupee 0.10 per share	-	-	-	-	-	-	-	-	-	(2,266)	(2,266)	(2,266)	(2,266)	-	(2,266)
Gain realized on disposal of equity investments at fair value through other comprehensive income	-	-	-	(24)	-	(24)	-	-	-	24	24	-	-	-	-
Share of items of associates directly credited in equity	-	-	-	-	-	-	-	-	(493)	-	(493)	(493)	(493)	-	(493)
Loss for the year	-	-	-	-	-	-	-	-	-	(58,457)	(58,457)	(58,457)	(58,457)	2,193	(56,264)
Other comprehensive income for the year	-	-	-	(20,280)	1,056,721	1,036,441	-	-	34,419	(6,552)	27,867	1,064,308	1,064,308	-	1,064,308
Total comprehensive income for the year	-	-	-	(20,280)	1,056,721	1,036,441	-	-	34,419	(65,009)	(30,590)	1,005,851	1,005,851	2,193	1,008,044
Balance as at 30 June 2019	226,601	5,496	12,000	22,362	4,136,711	4,176,569	44,975	4,000	53,020	191,958	293,953	4,470,522	4,697,123	(4,013)	4,693,110
Transferred from dividend equalization reserve to general reserve	-	-	-	-	-	-	4,000	(4,000)	-	-	-	-	-	-	-
Gain realized on disposal of equity investments at fair value through other comprehensive income	-	-	-	(819)	-	(819)	-	-	-	819	819	-	-	-	-
Share of items of associates directly credited in equity	-	-	-	-	-	-	-	-	(1,373)	-	(1,373)	(1,373)	(1,373)	-	(1,373)
Profit for the year	-	-	-	-	-	-	-	-	-	18,597	18,597	18,597	18,597	452	19,049
Other comprehensive loss for the year	-	-	-	714	-	714	-	-	1,795	(5,992)	(4,197)	(3,483)	(3,483)	-	(3,483)
Total comprehensive income for the year	-	-	-	714	-	714	-	-	1,795	12,605	14,400	15,114	15,114	452	15,566
Balance as at 30 June 2020	226,601	5,496	12,000	22,257	4,136,711	4,176,464	48,975	-	53,442	205,382	307,799	4,484,263	4,710,864	(3,561)	4,707,303

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

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

	NOTE	2020	2019
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	**37**	**66,323**	22,806
Finance cost paid		**(102,256)**	(76,537)
Income tax paid		**(63,679)**	(49,485)
Employees' retirement benefit paid		**(20,913)**	(21,066)
Increase in long term deposits		**(922)**	(675)
Net cash used in operating activities		**(121,447)**	(124,957)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		**(119,269)**	(38,130)
Proceeds from sale of property, plant and equipment		**2,696**	2,863
Proceeds from sale of investments		**13,626**	10,304
Net cash used in investing activities		**(102,947)**	(24,963)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		**(41,504)**	(35,650)
Proceeds from long term financing		**76,907**	-
Dividend paid		**(48)**	(2,178)
Short term borrowings - net		**180,432**	132,057
Net cash from financing activities		**215,787**	94,229
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(8,607)**	(55,691)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**53,676**	109,367
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 27)		**45,069**	53,676

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 and hosiery items along with buying, selling and otherwise dealing in cloth. The Company also operates an embroidery unit. The Company's registered office is situated at New Lahore Road, Nishatabad, Faisalabad, Punjab.

Geographical location and addresses of all business units of the 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. 3	S.I.T.E. Kotri, District Jamshoro, Sindh
Spinning Unit No. 4	45-Km Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab
Embroidery Unit	New Lahore Road, Nishatabad, Faisalabad, Punjab
Liaison Office	408-Business Avenue, Shahrah-e-Faisal, Karachi, Sindh
Liaison Office	3rd Floor, 151, CCA, Commercial Area, DHA Phase 5, Above KFC, Lahore.

Crescot Mills Limited

Crescot Mills Limited (CML) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017). It is the subsidiary of Crescent Cotton Mills Limited due to 66.15% equity holding. Its registered office is situated at Office No. 408-409, Plot No. 26-A, Block No. 6, P.E.C.H.S. Shahrah-e-Faisal, Karachi, Sindh. The mills premises are located at Plot No. B-10, S.I.T.E., Kotri, District Jamshoro, Sindh. However its books of account are being maintained at the registered office of its Holding Company, Crescent Cotton Mills Limited at New Lahore Road, Nishatabad, Faisalabad, Punjab. The principal business of CML was manufacturing and sale of yarn.

1.1 A special resolution was passed in the general meeting of the members of CML on 28 September 1998 authorizing the Board of Directors to dispose of the plant and machinery of CML. CML has ceased all production activities since August 1998 and has disposed of major part of the plant and machinery. CML has leased out its buildings and other facilities to its Holding Company, Crescent Cotton Mills Limited. Due to the above mentioned reasons, CML is not considered a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

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

b) Accounting convention

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

c) Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's 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, are based on valuation performed by external professional valuer and recommendation of technical teams of the Group. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Group reviews the value of the assets for possible impairment on an annual basis. Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Inventories

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

Contingencies

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

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

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

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

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

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

Employees retirement benefit
Certain actuarial assumptions have been adopted as disclosed in Note 9 to these consolidated financial statements for determination of present value of defined benefit obligation. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates.

d) Standard, interpretation and amendments to published approved accounting standards that are effective in current year and are relevant to the Group

Following standard, interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2019:

• IFRS 16 'Leases'
• Amendments to IFRS 9 'Financial Instruments'
• Amendments to IAS 28 , 'Investments in Associates and Joint Ventures'
• IFRIC 23 'Uncertainty over Income Tax Treatments'
• Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement
• Annual Improvements to IFRSs: 2015 – 2017 Cycle

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

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

There are other standard and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2019 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 Group's 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 2020 or later periods:

Interest Rate Benchmark Reform which amended IFRS 7 'Financial Instruments: Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments: Recognition and Measurement', is applicable for annual financial periods beginning on or after 01 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published report setting out its recommended reforms of some major interest rate benchmarks such as Interbank Offer Rates (IBORs). Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rates benchmarks reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provided relief from the potential impacts of the uncertainty caused by the reform. A Group shall apply these exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Group.

Amendments to IFRS 16 'Leases' (effective for annual periods beginning on or after 01 June 2020). Under pervious requirements of IFRS 16, lessee assesses whether rent concessions are leased modifications, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring these lease liabilities using the revised lease payments and revised discount rates. In light of the effects of the COVID-19 pandemic and the fact that many lessees are applying the standard for the first time in their financial statements, the IASB has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for as if these were not lease modifications. Rent concessions are eligible for the practical expedient if these occur as a direct consequence of the COVID-19 pandemic and if following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially same as, or less than, the considerations for the lease immediately preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the financial statements of the Group.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs. The amendments are not likely to affect the financial statements of the Group.

Amendments to IAS 1 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2022). These amendments have been added to further clarify when a liability is classified as current. These amendments also changes the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least

Twelve months after the reporting period. An entity shall apply these amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Group.

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

Amendments to IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2022). These amendments clarify that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply these amendments retrospectively, but only to items of property, plant and equipment which are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Group.

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

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

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

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

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

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

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

2.2 Basis of Consolidation

a) Subsidiary Company

Subsidiary is the entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Holding Company obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

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

b) Associates

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

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

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

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

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

2.3 Staff retirement benefit

The Holding Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The liabilities relating to defined benefit plan are determined through actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2020. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of the benefit, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in Note 9.3 to these consolidated financial statements.

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

2.4 Dividend and other appropriations

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

2.5 Taxation

Current

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

Deferred

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

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

2.6 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 any identified impairment loss. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the erection / construction period of qualifying assets and other directly attributable costs of bringing the assets to working condition.

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

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

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

Depreciation

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

De-recognition

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

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

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

2.8 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 included in the consolidated statement of profit or loss for the year in which it arises.

2.9 Financial Instruments

i) Recognition of financial instruments

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

ii) Classification and measurement of financial instruments

Financial Assets

Investments and other financial assets

a) Classification

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

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

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

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

b) Measurement

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

Debt instruments

Subsequent measurement of debt instruments depends on the Company'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 in to following measurement category:

Fair Value Through Other Comprehensive Income (FVTOCI)

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

Financial liabilities

Classification and measurement

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

iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

iv) De-recognition

Financial assets

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

Financial liabilities

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

v) Offsetting of financial instruments

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

2.10 Inventories

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

Stores, spare parts and loose tools

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

Stock-in-trade

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

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

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

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

2.11 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.

2.12 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. Related Government grant is recognized when there is reasonable assurance that Group will comply with the conditions attached to it and grant will be received.

Rendering of services

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

Interest

Interest income is 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. Lease incentives granted are recognized as part of the rental revenue. 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 made. Contract liabilities are recognized as revenue when the Group performs its performance obligations under the contract.

2.13 Borrowings

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

2.14 Trade and other receivables

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

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

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

2.15 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.

2.16 Trade and other payables

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

2.17 Provisions

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

2.18 Borrowing cost

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

2.19 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the consolidated statement of profit or loss.

2.20 Segment reporting

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

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

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

2.21 Earnings / (Loss) per share

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

2.22 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.

2.23 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

2020	2019		2020	2019
(NUMBER OF SHARES)			(RUPEES IN THOUSAND)	
5 509 767	5 509 767	Ordinary shares of Rupees 10 each fully paid up in cash	**55,098**	55,098
16 992 345	16 992 345	Ordinary shares of Rupees 10 each issued as fully paid up bonus shares	**169,923**	169,923
158 014	158 014	Ordinary shares of Rupees 10 each fully paid up, issued to a financial institution against its right of option for conversion of debentures pursuant to a loan agreement	**1,580**	1,580
22 660 126	22 660 126		**226,601**	226,601

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

	2020	2019
	(NUMBER OF SHARES)	
Premier Insurance Limited	**212 000**	212 000
Crescent Powertec Limited (Note 3.1.1)	**-**	121 480
	212 000	333 480

3.1.1 Crescent Powertec Limited has ceased to be the associated company in February 2020 due to elimination of common directorship.

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:

	2020	2019
	(RUPEES IN THOUSAND)	
Balance as on 01 July	**22,362**	**42,666**
Fair value adjustment during the year	**714**	**(20,254)**
	23,076	**22,412**
Deferred income tax relating to investments at fair value through other comprehensive income	**-**	**(26)**
Gain realized on disposal of equity investments at fair value through other comprehensive income	**(819)**	**(24)**
Balance as on 30 June	**22,257**	**22,362**

6 SURPLUS ON REVALUATION OF FREEHOLD LAND AND INVESTMENT PROPERTIES

	2020	2019
Freehold land (Note 6.1)	**4,023,572**	4,023,572
Investment properties	**113,139**	113,139
	4,136,711	4,136,711

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

7. REVENUE RESERVES

	2020	2019
General	**48,975**	44,975
Dividend equalization	**-**	4,000
Share of associates' reserves	**53,442**	53,020
Unappropriated profit	**205,382**	191,958
	307,799	293,953

	2020	2019
	(RUPEES IN THOUSAND)	

7.1 This reserve has been transferred to 'General Reserve' following the approval of the Board of Directors of the Company in their meeting held on 03 October 2019.

8. LONG TERM FINANCING

	2020	2019
From banking company - secured		
Long Term loans (Note 8.1)	**225,539**	**190,136**
Less: Current portion shown under current liabilities	**30,140**	**59,417**
	195,399	**130,719**

8.1 Long Term Loans

LENDER	2020	2019	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	INTEREST REPRICING	SECURITY
	(RUPEES IN THOUSAND)						
National Bank of Pakistan (Note 8.1.1)	131,285	167,736	3 Month KIBOR+3.00%	Twenty equal quarterly installments starting from 26 April 2018 and ending on 26 January 2024	Quarterly	Quarterly	Temporary first charge of Rupees 318 million over the fixed assets of the Company at Nishatabad, Faisalabad and personal guarantee of directors and executive of the Company. After acquisition of new spinning unit and after repayment of first two installments of Term Finance-1, the charge has to be created on the newly acquired spinning unit and the temporary arrangement has to be released / discharged.
National Bank of Pakistan (Note 8.1.1)	18,200	22,400	3 Month KIBOR+3.00%	Twenty equal quarterly installments starting from 26 May 2018 and ending on 26 February 2024	Quarterly	Quarterly	
National Bank of Pakistan	22,177	-	6.00%	Twenty seven equal quarterly installments starting from 30 June 2020 and ending on 30 December 2026	Quarterly	-	First charge of Rupees 107 million over entire fixed assets of the Company at Spinning Unit No. 1 and 2 and personal guarantee of Chief Executive Officer, Directors and executive of the Company.
National Bank of Pakistan	38,382	-	6.00%	Twenty seven equal quarterly installments starting from 27 July 2020 and ending on 27 January 2027	Quarterly	-	
National Bank of Pakistan	11,515	-	6.00%	Twenty seven equal quarterly installments starting from 19 August 2020 and ending on 19 February 2027	Quarterly	-	
National Bank of Pakistan	3,980	-	6.00%	Twenty eight equal quarterly installments starting from 21 July 2020 and ending on 21 April 2027	Quarterly	-	
	225,539	**190,136**					

8.1.1 Repayment terms of the above mentioned loans outstanding during the year from National Bank of Pakistan were deferred by one year on request of the Company in accordance with the circular No. ERD/M&PRD/PR/01/2020-32 dated 26 March 2020 issued by State Bank of Pakistan to cope the impacts of COVID-19 pandemic. Moreover in accordance with the requirements of the above mentioned lender of long term financing, there is restriction on distribution of dividend by the Company during the deferred period.

	2020	2019
	(RUPEES IN THOUSAND)	
9. EMPLOYEES' RETIREMENT BENEFIT		
Reconciliation of the movements in the net liability recognized in the consolidated statement of financial position		
Opening balance	**101,141**	80,592
Add: Provision for the year (Note 9.2)	**38,630**	32,624
Experience adjustment recognized in other comprehensive income	**8,217**	8,991
	147,988	122,207
Less: Paid during the year	**(20,913)**	(21,066)
	127,075	101,141

9.1 Movements in the present value of defined benefit obligation

	2020	2019
Opening balance	**101,141**	80,592
Current service cost	**25,707**	26,319
Interest expense	**12,923**	6,305
Retirement benefit paid	**(20,913)**	(21,066)
Experience adjustment recognized in other comprehensive income	**8,217**	8,991
Closing balance	**127,075**	101,141

9.2 Provision for the year

	2020	2019
Current service cost	**25,707**	26,319
Interest expense	**12,923**	6,305
	38,630	32,624

9.3 Significant actuarial assumptions used

	2020	2019
Discount rate to determine defined benefit cost (per annum)	14.25%	9.00%
Expected rate of increase in salary to determine defined benefit cost (per annum)	13.25%	8.00%
Discount rate to determine defined benefit obligation (per annum)	8.50%	14.25%
Expected rate of increase in salary to determine defined benefit obligation (per annum)	7.50%	13.25%
Average duration of the benefit (years)	7	9
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year

9.4 The estimated expenses to be charged to the consolidated statement of profit or loss for the year ending on 30 June 2020 is Rupees 36.934 million.

9.5 Sensitivity analysis for actuarial assumptions:

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

	2020	2019
Discount rate	**1.00%**	1.00%
Increase in assumption (Rupees in thousand)	**(8,338)**	(8,232)
Decrease in assumption (Rupees in thousand)	**10,265**	10,268
Future salary increase	**1.00%**	1.00%
Increase in assumption (Rupees in thousand)	**10,429**	10,364
Decrease in assumption (Rupees in thousand)	**(8,671)**	(8,479)

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

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

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

Discount rate risk

The risk of changes in discount rate, since discount rate is based on corporate / government bonds, any decrease in bond yields will increase plan liabilities

Salary increase / inflation risk

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

Mortality risk

The risk that the actual mortality experience is lighter than that of expected i.e. the actual life expectancy is longer than assumed.

Withdraw risk

The risk of actual withdrawals experience may be different from that assumed in the calculation.

		2020	2019
		(RUPEES IN THOUSAND)	

10. TRADE AND OTHER PAYABLES

	2020	2019
Creditors	**295,822**	395,007
Accrued liabilities (Note 10.1)	**345,914**	330,909
Advances from customers	**81,965**	52,167
Income tax deducted at source	**10,430**	7,732
Workers' profit participation fund (Note 32)	**2,446**	
	736,577	785,815

10.1 These include insurance premium of Rupees 2.110 million (2019: Rupees 0.487 million) due to Premier Insurance Limited, a related party.

11. UNCLAIMED DIVIDEND

As at the reporting date, the Holding Company is in the process of complying with the provisions of section 244 of the Companies Act, 2017.

12. ACCRUED MARK-UP

	2020	2019
Long term financing	**7,461**	6,677
Short term borrowings	**30,450**	29,220
	37,911	35,897

13. SHORT TERM BORROWINGS

	2020	2019
Holding Company		
From banking company - secured		
Cash finances and export finances (Note 13.1)	**525,011**	339,068
Others - unsecured		
Other related parties (Note 13.2)	**300,257**	284,823
Temporary book overdrawn	**16,001**	36,946
	316,258	321,769
	841,269	660,837
Subsidiary Company		
Samba Bank Limited - secured (Note 13.3)	**5,000**	5,000
	846,269	665,837

13.1 These form part of total credit facility of Rupees 1,250 million (2019: Rupees 1,250 million) and carries mark-up at the rates of 1 month KIBOR plus 2 percent and 3 months KIBOR plus 2 percent (2019: 3 months KIBOR plus 2 percent) per annum. These are secured against charge, pledge and hypothecation over fixed and current assets of the Company and personal guarantee of directors and an executive. The rate of mark-up ranges from 10.35 percent to 15.85 percent (2019: 8.92 percent to 12.99 percent) per annum during the year on the balances outstanding.

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

13.3 This represents overdue balance of long term loan obtained from Samba Bank Limited (SBL) which was secured against demand promissory note. It carries mark-up at the rate of 12 percent (2019: 12 percent) per annum. SBL filed a suit in Banking Court No. 2, Lahore for the recovery of Rupees 11.976 million. The case was dismissed in favour of the Company. Afterwards, the appeal filed by SBL in 2016 against the dismissal of above mentioned suit in Lahore High Court, Lahore was dismissed by the Lahore High Court, Lahore on 24 September 2019 due to non-prosecution of the case by SBL. However on 15 January 2020, SBL filed Regular First Appeal (RFA) in Lahore High Court, Lahore which is pending for adjudication. In view of the opinion by the legal advisor of the Company, as SBL has already written off the principal along with mark-up in its books of account, the Company shall not charge further mark-up in its books of account. Therefore the mark-up on this loan is not being charged from the financial year ended 30 June 2020.

14. CONTINGENCIES AND COMMITMENTS

a) Contingencies

Holding Company

i) Certain additions have been made by the assessing officers in tax years 1993, 2002, 2006 and 2010 on various grounds and have created demand of Rupees 6.355 million (2019: Rupees 6.335 million). The Company, being aggrieved, has filed appeals with Lahore High Court, Lahore and with Supreme Court of Pakistan, which are still pending. Dates of the institution of above mentioned appeals were 14 October 2002, 22 July 2008, 05 September 2016 and 05 April 2017 respectively. No provision has been made in these consolidated financial statements against the aforesaid demand as the management is hopeful for positive outcome of the appeals filed by the Company.

ii) The Company filed a suit against Crescent Fibres Limited (CFL) for the recovery of Rupees 23.000 million (2019: Rupees 23.000 million) along with mark-up in Civil Court, Lahore. CFL filed an application seeking rejection of the suit but the said application was dismissed by Civil Court, Lahore. Against this rejection, CFL filed civil revision petition before Lahore High Court, Lahore on 08 October 2016 and under order of Lahore High Court, Lahore, the proceedings before Civil Court, Lahore were stayed. No provision against this receivable has been made in these consolidated financial statements as the management is hopeful that the case will be decided in favour of the Company and all the outstanding dues will be recovered.

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

iv) Guarantees of Rupees 67.001 million (2019: Rupees 47.353 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited, Sui Southern Gas Pipelines Limited and Lahore Electric Supply Company Limited against gas and electricity connections.

v) Cheques of Rupees 32.485 million (2019: Rupees 32.485 million) are issued to Nazir of Sindh High Court as security against impugned gas rate difference suit. If the outcome of the suit comes against the Company, cheques issued as security shall be encashable.

vi) Holding Company's share in contingencies of associated companies accounted for under equity method is Rupees 5.95 million (2019: Rupees 6.195 million).

Subsidiary Company

vii) The Company is contingently liable for a claim of Rupees 0.215 million (2019: Rupees 0.215 million) in respect of card clothing machine demanded by Custom Authorities against which a letter of guarantee in September 1987 has been issued by bank in favour of Collector. The Company has issued a margin deposit of Rupees 0.255 million as given in Note 25 against this claim which will be released upon resolution of this matter.

viii) Guarantees of Rupees 0.052 million (2019: Rupees 0.052 million) are given by the Bank of the Company to State Bank of Pakistan against 1 percent withholding tax under section 80CC of repealed Income Tax Ordinance, 1979 on gross export proceeds.

b) Commitments

i) There was no commitments in respect of capital expenditure as at 30 June 2020 (2019: Rupees Nil).
ii) Letters of credit other than for capital expenditure are of Rupees 67.968 million (2019: Rupees Nil).

	2020	2019
	(RUPEES IN THOUSAND)	
15. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 15.1)	**4,927,364**	4,892,134
Capital work-in-progress (Note 15.2)	**270**	390
	4,927,634	4,892,524

15.1 PROPERTY, PLANT AND EQUIPMENT

	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 2018											
Cost / revalued amount	3,060,060	278,987	1,121,086	97,980	74,909	24,579	15,469	34,833	12,836	1,058	4,721,797
Accumulated depreciation	-	(125,080)	(563,377)	(66,686)	(27,889)	(17,771)	(10,047)	(17,369)	(11,356)	(955)	(840,530)
Net book value	3,060,060	153,907	557,709	31,294	47,020	6,808	5,422	17,464	1,480	103	3,881,267
Year ended 30 June 2019											
Opening net book value	3,060,060	153,907	557,709	31,294	47,020	6,808	5,422	17,464	1,480	103	3,881,267
Effect of surplus on revaluation	1,056,721	-	-	-	-	-	-	-	-	-	1,056,721
Additions	-	124	35,457	1,335	1,459	-	362	3,076	596	47	42,456
Disposals:											
Cost	-	-	(22,872)	-	-	-	-	(1,778)	-	-	(24,650)
Accumulated depreciation	-	-	21,121	-	-	-	-	1,382	-	-	22,503
	-	-	(1,751)	-	-	-	-	(396)	-	-	(2,147)
Depreciation charge	-	(15,116)	(57,585)	(3,074)	(4,750)	(694)	(554)	(3,615)	(741)	(34)	(86,163)
Closing net book value	4,116,781	138,915	533,830	29,555	43,729	6,114	5,230	16,529	1,335	116	4,892,134
At 30 June 2019											
Cost / revalued amount	4,116,781	279,111	1,133,671	99,315	76,368	24,579	15,831	36,131	13,432	1,105	5,796,324
Accumulated depreciation	-	(140,196)	(599,841)	(69,760)	(32,639)	(18,465)	(10,601)	(19,602)	(12,097)	(989)	(904,190)
Net book value	4,116,781	138,915	533,830	29,555	43,729	6,114	5,230	16,529	1,335	116	4,892,134
Year ended 30 June 2020											
Opening net book value	4,116,781	138,915	533,830	29,555	43,729	6,114	5,230	16,529	1,335	116	4,892,134
Additions	-	-	34,999	81,629	1,046	365	-	1,228	122	-	119,389
Disposals:											
Cost	-	-	-	-	-	-	-	(6,028)	-	-	(6,028)
Accumulated depreciation	-	-	-	-	-	-	-	3,676	-	-	3,676
	-	-	-	-	-	-	-	(2,352)	-	-	(2,352)
Depreciation charge	-	(13,624)	(54,818)	(3,929)	(4,406)	(630)	(523)	(3,227)	(612)	(38)	(81,807)
Closing net book value	4,116,781	125,291	514,011	107,255	40,369	5,849	4,707	12,178	845	78	4,927,364
At 30 June 2020											
Cost / revalued amount	4,116,781	279,111	1,168,670	180,944	77,414	24,944	15,831	31,331	13,554	1,105	5,909,685
Accumulated depreciation	-	(153,820)	(654,659)	(73,689)	(37,045)	(19,095)	(11,124)	(19,153)	(12,709)	(1,027)	(982,321)
Net book value	4,116,781	125,291	514,011	107,255	40,369	5,849	4,707	12,178	845	78	4,927,364
Annual rate of depreciation (%)	-	5, 10	10	10	10	10, 12	10	20	10, 50	10, 25	

15.1.1 The book value of freehold land on cost basis is Rupees 93.209 million (2019: Rupees 93.209 million).

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

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

	2020	2019
	(RUPEES IN THOUSAND)	
Cost of sales (Note 29)	**76,961**	80,746
Administrative expenses (Note 31)	**4,846**	5,417
	81,807	86,163

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

Particulars	Location	Area of land	Covered Area of building
		Acers	Sq.ft.
Head office and manufacturing facility of embroidery	New Lahore Road, Nishatabad, Faisalabad, Punjab87.20	87.20	80 214
Manufacturing facility of Spinning and Hosiery	Chak No. 44 R.B., Kotla Kahlawan, Tehsil Shahkot, District Nankana Sahib, Punjab48.33	44.74	338 046
Manufacturing facility of Spinning	45-Km Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab12.29	11.47	178 417
Manufacturing facility of Spinning *	S.I.T.E. Kotri, District Jamshoro, Sindh25.00	25.00	213 527

*This building was constructed and capitalized by the Holding Company at S.I.T.E. Kotri, District Jamshoro, Sindh at the premises taken on rent from Crescot Mills Limited, the subsidiary company.

15.2 CAPITAL WORK-IN-PROGRESS

	2020	2019
	(RUPEES IN THOUSAND)	
Plant and machinery	**270**	390

16. INVESTMENT PROPERTIES

	2020	2019
Balance as on 01 July	**281,746**	270,443
Fair value gain (Note 33)	**6,046**	11,303
Balance as on 30 June	**287,792**	281,746

16.1 The fair value of investment properties of the Holding Company comprising freehold land and buildings thereon at Nishatabad, Faisalabad, Punjab and of the Subsidiary Company comprising buildings on leasehold land at S.I.T.E. Kotri, District Jamshoro, Sindh have been determined on 30 June 2020 by independent valuers, Messrs Evaluation Focused Consulting and Messrs Sadruddin Associates (Private) Limited respectively. The investment properties of the Holding Company comprise of 4.38 acres having covered area of 184 128 square feet. The covered area of the investment properties of the Subsidiary Company is 254 144 square feet.

16.2 Forced sales value of investment properties is Rupees 243.445 million (2019: Rupees 238.340 million).

17. INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES

17.1 Reconciliation of investments in associates under equity method:

	Shakarganj Limited		Jubilee Spinning & Weaving Milss Limited		Premier Insurance Limited		Premier Financial Services (Private) Limited		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(RUPEES IN THOUSAND)									
Cost	**14,877**	17,630	**427**	427	**75**	75	**2,500**	2,500	**17,879**	20,632
Share of post acquisition reserves:										
As at 01 July	**46,832**	15,151	**1,831**	1,378	**(61)**	(13)	**(33)**	3	**48,583**	16,533
										-
Share of (loss) / profit after income tax (Note 17.1.1)	**(7,440)**	(176)	**422**	480	**(1,139)**	64	**(453)**	(36)	**(8,610)**	332
Share of other comprehensive income / (loss)	**685**	34,558	**5**	(27)	**1,105**	(112)	**-**	-	**1,795**	34,419
Share of items directly credited in equity	**(1,393)**	(493)	**-**	-	**20**	-	**-**	-	**(1,373)**	(493)
Partial disposal of investment	**(5,065)**	(2,208)	**-**	-	**-**	-	**-**	-	**(5,065)**	(2,208)
As at 30 June	**(13,213)**	31,681	**427**	453	**(14)**	(48)	**(453)**	(36)	**(13,253)**	32,050
	33,619	46,832	**2,258**	1,831	**(75)**	(61)	**(486)**	(33)	**35,330**	48,583
As at 30 June	**48,496**	64,462	**2,685**	2,258	**-**	14	**2,014**	2,467	**53,209**	69,215

17.1.1

Share of loss in Premier Insurance Limited during the year exceeded its total carrying amount by Rupees 0.095 million, therefore the excess amount is not being recognized in these consolidated financial statements.

17.2 Summarized statement of financial position

	Shakarganj Limited		Jubilee Spinning & Weaving Milss Limited		Premier Insurance Limited		Premier Financial Services (Private) Limited	
	As at 30 September 2019	As at 30 September 2018	As at 30 June 2019	As at 30 June 2018	As at 31 December 2019	As at 31 December 2018	As at 30 June 2019	As at 30 June 2018
	(RUPEES IN THOUSAND)							
Current assets	**992,065**	1,485,414	**121,417**	133,066	**1,489,136**	1,648,977	**10,243**	15,543
Non-current assets	**12,358,918**	12,821,718	**696,778**	664,590	**1,468,163**	1,514,756	**16,953**	27,148
Current liabilities	**4,170,356**	4,052,096	**125,248**	134,147	**1,782,882**	1,942,920	**6,439**	8,091
Non-current liabilities	**1,320,827**	1,572,164	**15,758**	15,540	**17,395**	8,175	**12,900**	14,584
Net assets	**7,859,800**	8,682,872	**677,189**	647,969	**1,157,022**	1,212,638	**7,857**	20,016
Reconciliation to carrying amounts:								
Opening balance	**8,682,872**	6,136,764	**647,969**	616,965	**1,212,638**	1,183,220	**20,016**	33,766
Movement in reserves	**(140,684)**	(39,298)	**-**	-	**-**	3,296	**(8,076)**	(13,424)
(Loss) / profit after income tax	**(751,533)**	(14,008)	**28,891**	32,864	**(239,761)**	44,822	**(4,081)**	(326)
Other comprehensive income / (loss)	**69,145**	2,755,664	**329**	(1,860)	**184,145**	(18,700)	**-**	-
Dividend paid	**-**	(156,250)	**-**	-	**-**	-	**-**	-
Closing balance	**7,859,800**	8,682,872	**677,189**	647,969	**1,157,022**	1,212,638	**7,859**	20,016
Group's share (%)	**0.99%**	1.22%	**1.46%**	1.46%	**0.60%**	0.60%	**11.11%**	11.11%
Group's share and carrying amount	**48,496**	64,462	**2,685**	2,258	**-**	14	**2,014**	2,467

17.3 Summarized statement of comprehensive income

	Shakarganj Limited		Jubilee Spinning & Weaving Mills Limited		Premier Insurance Limited		Premier Financial Services (Private) Limited	
	As at 30 September 2019	As at 30 September 2018	As at 30 June 2019	As at 30 June 2018	As at 31 December 2019	As at 31 December 2018	As at 30 June 2019	As at 30 June 2018
	(RUPEES IN THOUSAND)							
Revenue	**6,251,907**	7,404,243	**23,682**	37,150	**223,329**	290,308	**-**	5,082
(Loss) / profit for the year	**(751,533)**	(14,008)	**28,891**	32,864	**(239,761)**	44,822	**(4,081)**	(326)
Other comprehensive income / (loss)	**69,145**	2,755,664	**329**	(1,860)	**184,145**	(18,699)	**-**	-
Total comprehensive income / (loss)	**(682,388)**	2,741,656	**29,220**	31,004	**(55,616)**	26,123	**(4,081)**	(326)

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	
		2020	2019		2020	2019	2020	2019
					(RUPEES IN THOUSAND)			
Shakarganj Limited (Note 17.5.1)	Pakistan	**0.99%**	1.23%	Equity method	**61,315**	71,736	**48,496**	64,462
Jubilee Spinning and Weaving Mills Limited (Note 17.5.2)	Pakistan	**1.46%**	1.46%	Equity method	**1,542**	1,072	**2,685**	2,258
Premier Financial Services (Private) Limited (Note 17.5.3)	Pakistan	**11.11%**	11.11%	Equity method	**-***	-*	**2,014**	2,467
Premier Insurance Limited (Note 17.5.4)	Pakistan	**0.60%**	0.60%	Equity method	**1,517**	2,224	**-**	14

17.5.1 Shakarganj Limited is engaged in manufacture, purchase and sale of sugar, bio fuel and yarn. It has ceased to be the associated company in June 2020 due to elimination of common directorship.

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

17.5.3 Premier Financial Services (Private) Limited is engaged to carry on floating and management of modarbas. It has ceased to be the associated company in January 2020 due to elimination of common directorship.

17.5.4 Premier Insurance Limited is engaged in general insurance business.

17.6 Crescent Steel and Allied Products Limited was although an associated company uptill January 2020, before the elimination of common directorship, but shareholdings of the Holding Company in its share capital is just 0.000098 percent, therefore its results and other summarized information is not being disclosed due to negligible effects on the results of the Group. Moreover, Crescent Jute Products Limited has ceased to be the associated company of the Holding Company since February 2020. Its results and other summarized information is not disclosed because its carrying value has already become zero in previous years and its results are consistently showing losses.

	2020	2019
	(RUPEES IN THOUSAND)	

18. OTHER LONG TERM INVESTMENTS

Equity Instruments (Note 18.1)	**1,585**	2,972
Debt Instruments (Note 18.2)	**-**	19,853
	1,585	22,825

18.1 Equity Instruments
At Fair value through Other Comprehensive Income

Quoted		
Crescent Fibres Limited 71 820 (2019: 71 820) ordinary shares of Rupees 10 each fully paid. Equity held 0.58% (2019: 0.58%)	**615**	615
Security Papers Limited 522 (2019: 522) ordinary shares of Rupees 10 each fully paid.	**1**	1
Unquoted		
Crescent Modaraba Management Company Limited 119 480 (2019: 119 480) ordinary shares of Rupees 10 each fully paid. Equity held 6.52% (2019: 6.52%)	**285**	285
Crescent Bahuman Limited 1 043 988 (2019: 1 043 988) ordinary shares of Rupees 10 each fully paid. Equity held 1.28% (2019: 1.28%)	**-**	-
Crescent Spinning Mills Limited 696 000 (2019: 696 000) ordinary shares of Rupees 10 each fully paid. Equity held 4.59% (2019: 4.59%)	**-**	-
	901	901
Add: Fair value adjustment	**684**	2,071
	1,585	2,972

		2020	2019
		(RUPEES IN THOUSAND)	
18.2	**Debt Instruments**		
	At amortized cost		
	Sales tax refund bonds (Note 18.2.1)		
	197 (2019: 197) bonds of Rupees 100,000 each	-	19,700
	Add: Accrued interest	-	153
		-	19,853

18.2.1 During the year sales tax refund bonds issued by Federal Board of Revenue (FBR) Refund Settlement Company Limited, under section 67A of Sales Tax Act, 1990 have been encashed on 05 December 2019.

19. DEFERRED INCOME TAX ASSET

	2020	2019
Taxable temporary difference		
Tax depreciation allowance	**(105,917)**	(98,332)
Deductible temporary differences		
Unused tax losses and minimum tax	**119,105**	106,780
Fair value reserve of investments	**-**	173
Provision for gratuity	**34,473**	27,436
Investments in associates	**5,300**	7,287
Provision for doubtful receivables	**5,535**	3,432
	164,413	145,108
	58,496	46,776

20. STORES, SPARE PARTS AND LOOSE TOOLS

	2020	2019
Stores	**28,085**	31,270
Spare parts	**42,872**	47,827
Loose tools	**193**	269
	71,150	79,366
Less: Provision for obsolete stores, spare parts and loose tools (Notes 20.1)	**1,423**	1,325
	69,727	78,041

20.1 Provision for obsolete stores, spare parts and loose tools

	2020	2019
Opening balance	**1,325**	644
Provision during the year (Note 32)	**98**	681
Closing balance	**1,423**	1,325

		2020	2019
		(RUPEES IN THOUSAND)	
21.	**STOCK-IN-TRADE**		
	Raw materials (Note 21.1)	**292,986**	357,022
	Work-in-process	**26,831**	37,241
	Finished goods (Note 21.2)	**215,800**	77,546
	Waste	**4,564**	2,797
		540,181	474,606

21.1 These include stock in transit of Rupees 0.607 million (2019: Rupees 14.268 million).

21.2 These include stock of Rupees 78.329 million (2019: Rupees 44.151 million) sent to outside parties for weaving.

22. TRADE DEBTS

Considered good:

	2020	2019
Unsecured	**287,648**	211,095
Less: Allowance for expected credit lossess (Note 22.2)	**7,327**	10,761
	280,321	200,334

22.1 As at 30 June 2020, trade debts of Rupees 163.730 million (2019: Rupees 151.292 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:

	2020	2019
Upto 1 month	**32,686**	17,134
1 to 6 months	**93,780**	94,935
More than 6 months	**37,264**	39,223
	163,730	151,292

22.2 Allowance for expected credit losses

	2020	2019
As at 01 July	**10,761**	9,870
Add: Recognized during the year (Note 32)	**3,898**	891
Less: Bad debts written off	**(7,332)**	-
As at 30 June	**7,327**	10,761

23. LOANS AND ADVANCES

Considered good:

	2020	2019
Employees - interest free:		
Against expenses	**5,922**	4,390
Against salary (Note 23.1)	**12,333**	11,815
	18,255	16,205
Advances to suppliers / contractors	**51,282**	50,215
Letter of credit	**161**	-
	69,698	66,420

	2020	2019
	(RUPEES IN THOUSAND)	

23.1 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.

24. PREPAYMENTS AND BALANCES WITH STATUTORY AUTHORITY

	2020	2019
Prepayments	**3,311**	2,291
Balances with statutory authority:		
Advance income tax	**228,652**	124,567
Sales tax and excise duty refundable	**116,255**	78,695
	344,907	203,262
	348,218	205,553

25. DEPOSIT AND OTHER RECEIVABLES

	2020	2019
Considered good:		
Profit on deposit with banks receivable	**3,262**	3,055
Duty drawback and export rebate	**650**	10,018
Margin deposit	**255**	-
Others	**65,656**	59,388
	69,823	72,461
Less: Allowance for doubtful other receivables	**11,760**	11,760
	58,063	60,701

26. SHORT TERM INVESTMENTS

At fair value through other comprehensive income

Quoted

	2020	2019
Samba Bank Limited 2 579 313 (2019: 2 799 813) ordinary shares of Rupees 10 each fully paid. Equity held 0.26% (2019: 0.28%)	**7,091**	7,697
The Crescent Textile Mills Limited 4 359 891 (2019: 4 359 891) ordinary shares of Rupees 10 each fully paid. Equity held 5.45% (2019: 5.45%)	**82,228**	82,228
	89,319	89,925
Add: Fair value adjustment	**21,599**	20,317
	110,918	110,242

	2020	2019
	(RUPEES IN THOUSAND)	

27. CASH AND BANK BALANCES

	2020	2019
With banks:		
On current accounts	**41,635**	50,113
On deposit account (Note 27.1)	**2,800**	2,800
	44,435	52,913
Cash in hand	**634**	763
	45,069	53,676

27.1 This balance in deposit account is lying with bank under lien against bank guarantee issued against additional power surcharge payable. Rate of profit is 7.40 percent (2019: 4.43 percent) per annum.

28. REVENUE

	2020	2019
Local sales (Note 28.1)	**5,149,890**	7,124,312
Export sales (Note 28.2)	**365,392**	268,260
Export rebate and duty drawback	**1,902**	462
	5,517,184	7,393,034

28.1 Local Sales

	2020	2019
Yarn	**5,883,780**	7,079,712
CMT income	**731**	-
Cloth	**37,894**	2,777
Waste	**46,817**	46,365
	5,969,222	7,128,854
Less: Sales tax	**819,332**	4,542
	5,149,890	7,124,312

28.2 Export Sales

	2020	2019
Yarn	**2,322**	**115,406**
Cloth	**352,427**	**152,854**
Hosiery	**10,643**	**-**
	365,392	**268,260**

	2020	2019
	(RUPEES IN THOUSAND)	
29. COST OF SALES		
Raw materials consumed	**3,871,272**	5,492,072
Salaries, wages and other benefits (Note 29.1)	**383,080**	543,503
Stores, spare parts and loose tools consumed	**137,962**	149,648
Fuel and power	**755,067**	721,096
Outside weaving / other charges	**23,283**	19,283
Other manufacturing overheads	**11,149**	12,454
Insurance	**8,853**	8,708
Repair and maintenance	**1,796**	7,304
Depreciation (Note 15.1.3)	**76,961**	80,746
	5,269,423	7,034,814
Work-in-process		
Opening stock	**37,241**	29,916
Closing stock	**(26,831)**	(37,241)
	10,410	(7,325)
Cost of goods manufactured	**5,279,833**	7,027,489
Finished goods		
Opening stock	**80,343**	153,505
Closing stock	**(220,364)**	(80,343)
	(140,021)	73,162
	5,139,812	7,100,651
Cost of goods purchased for resale	**12,014**	3,805
	5,151,826	7,104,456

29.1 Salaries, wages and other benefits include staff retirement benefit amounting to Rupees 29.341 million (2019: Rupees 25.589 million).

30. DISTRIBUTION COST		
Freight and forwarding	**24,734**	25,906
Commission to selling agents	**20,940**	22,418
Insurance	**624**	723
Loading and handling	**7,829**	10,515
Others	**566**	469
	54,693	60,031

		2020	2019
		(RUPEES IN THOUSAND)	
31.	**ADMINISTRATIVE EXPENSES**		
	Salaries and other benefits (Note 31.1)	**119,293**	107,788
	Workers' welfare	**2,458**	2,382
	Traveling and conveyance	**4,678**	3,964
	Insurance	**2,653**	2,665
	Rent, rates and taxes	**6,036**	4,365
	Entertainment	**2,705**	3,115
	Fee and subscription	**1,528**	1,843
	Communication	**2,851**	3,248
	Vehicles' running	**14,981**	10,604
	Repair and maintenance	**8,592**	14,827
	Utilities	**7,664**	8,084
	Printing and stationery	**1,686**	1,497
	Books and periodicals	**51**	66
	Advertisement	**50**	39
	Auditors' remuneration:		
	Statutory audit	**1,325**	1,225
	Other certifications including half yearly review	**400**	500
	Out of pocket expenses	**45**	45
		1,770	1,770
	Legal and professional	**3,618**	3,669
	Miscellaneous	**4,442**	5,432
	Depreciation (Note 15.1.3)	**4,846**	5,417
		189,902	180,775

31.1 Salaries and other benefits include staff retirement benefit amounting to Rupees 9.289 million (2019: Rupees 7.036 million).

		2020	2019
32.	**OTHER EXPENSES**		
	Donations (Note 32.1)	**179**	20
	Workers' profit participation fund (Note 10)	**2,446**	-
	Trade debts written off	**172**	-
	De-recognition of accrued interest on debt instruments	**153**	-
	Allowance for expected credit losses (Note 22.2)	**3,898**	891
	Provision for obsolete stores, spare parts and loose tools (Note 20.1)	**98**	681
	Reversal of excess profit accrued on bank deposit account	**-**	145
		6,946	1,737

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

		2020	2019
		(RUPEES IN THOUSAND)	
33.	**OTHER INCOME**		
	Income from financial assets		
	Exchange gain	**8,786**	2,423
	Interest income on sales tax refund bonds	**-**	153
	Profit on deposit account	**207**	124
	Gain on sale of investments	**2,136**	6,858
	Dividend income	**2,620**	4
		13,749	9,562
	Income from non-financial assets		
	Rental income	**25,319**	21,696
	Scrap sales	**990**	1,034
	Gain on sale of property, plant and equipment	**344**	716
	Credit balance written back	**-**	2,759
	Gain on remeasurement of fair value of investment properties (Note 16)	**6,046**	11,303
		32,699	37,508
		46,448	47,070
34.	**FINANCE COST**		
	Mark-up on:		
	long term financing	**30,495**	25,094
	short term borrowings	**70,601**	55,284
	Bank charges and commission	**3,174**	3,893
		104,270	84,271
35.	**TAXATION**		
	Current:		
	For the year	**81,415**	91,123
	Prior year	**(41,337)**	(1,365)
		40,078	89,758
	Deferred	**(11,742)**	(24,328)
		28,336	65,430

36. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings / (loss) per share which is based on:

		2020	2019
Profit / (Loss) after taxation	(Rupees in thousand)	**19,049**	(56,264)
Weighted average number of ordinary shares	(Numbers)	**22 660 126**	22 660 126
Earnings / Loss per share	(Rupees)	**0.84**	(2.48)

37. CASH GENERATED FROM OPERATIONS

	2020	2019
	(RUPEES IN THOUSAND)	
Profit before taxation	**47,385**	9,166
Adjustments for non cash charges and other items:		
Depreciation	**81,807**	86,163
Provision for employees' retirement benefit	**38,630**	32,624
Gain on sale of property, plant and equipment	**(344)**	(716)
Gain on remeasurement of fair value of investment properties	**(6,046)**	(11,303)
Gain on sale of investment	**(2,136)**	(6,858)
Share of loss / (income) from equity accounted associates	**8,610**	(332)
Profit on deposits with banks	**(207)**	(124)
Allowance for expected credit losses	**3,898**	891
Trade debts written off	**172**	-
Provision for workers profit participation fund	**2,446**	-
Reversal of excess profit accrued on bank deposit account	**-**	145
De-recognition / (recognition) of accrued interest on debt instruments	**153**	(153)
Provision for obsolete stores, spare parts and loose tools	**98**	681
Credit balance written back	**-**	(2,759)
Finance cost	**104,270**	84,271
Working capital changes (Note 37.1)	**(212,413)**	(168,890)
	66,323	22,806

	2020	2019
	(RUPEES IN THOUSAND)	

37.1 Working capital changes

Decrease / (Increase) in current assets

	2020	2019
Stores, spare parts and loose tools	**8,216**	(18,513)
Stock-in-trade	**(65,575)**	(79,265)
Trade debts	**(84,057)**	(101,624)
Loans and advances	**(3,278)**	(22,685)
Prepayments and balances with statutory authority	**(18,880)**	(23,000)
Other receivables	**2,845**	18,413
	(160,729)	(226,674)
(Decrease) / Increase in trade and other payables	**(51,684)**	57,784
	(212,413)	(168,890)

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

	2020			
	Long term financing	**Short term financing**	**Unclaimed dividend**	**Total**
	(RUPEES IN THOUSAND)			
Balance as at 01 July	190,136	665,837	4,028	860,001
Financing obtained	76,907	-	-	76,907
Short term borrowings obtained - net	-	180,432	-	180,432
Repayment of financing	(41,504)	-	-	(41,504)
Dividend paid	-	-	(48)	(48)
Balance as at 30 June	225,539	846,269	3,980	1,075,788

	2019			
	Long term financing	**Short term financing**	**Unclaimed dividend**	**Total**
	(RUPEES IN THOUSAND)			
Balance as at 01 July 2018	225,786	533,780	3,940	763,506
Short term borrowings obtained - net	-	132,057	-	132,057
Repayment of financing	(35,650)	-	-	(35,650)
Dividend declared	-	-	2,266	2,266
Dividend paid	-	-	(2,178)	(2,178)
Balance as at 30 June 2019	190,136	665,837	4,028	860,001

38. TRANSACTIONS WITH RELATED PARTIES

The related parties 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, 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	2020 (RUPEES IN THOUSAND)	2019 (RUPEES IN THOUSAND)
Associated companies				
Crescent Powertech Limited	Common directorship	Dividend paid	**-**	12
Premier Insurance Limited	Common directorship	Service charges	**11,502**	12,123
		Dividend paid	**-**	21
Other related parties				
Directors / executives / sponsors	Members of Board of Directors, key management personnel and sponsors	Loan received-net	**15,434**	31,137
		Dividend paid	**-**	414

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	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	--------------------------(RUPEES IN THOUSAND)--------------------------					
Managerial remuneration	**7,502**	7,502	**10,019**	9,905	**20,632**	19,295
Allowances:						
Housing	**3,376**	3,376	**4,446**	4,389	**9,221**	8,614
Utilities	**750**	750	**988**	975	**2,049**	1,914
Group insurance	**-**	-	**11**	11	**34**	34
Reimbursable expenses	**750**	750	**988**	975	**2,038**	1,903
	12,378	12,378	**16,452**	16,255	**33,974**	31,760
Number of persons	**1**	1	**2**	2	**6**	6

39.1 Aggregate amount charged in these consolidated financial statements for meeting fee to five directors (2019: five directors) was Rupees 620,000 (2019: Rupees 580,000).

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

39.3 No remuneration was paid to non-executive directors of the Holding Company.

40. NUMBER OF EMPLOYEES

	2020	2019
	(NUMBER OF PERSONS)	
Number of employees as on 30 June	**991**	**1 291**
Average number of employees during the year	**1 006**	**1 299**

40.1 These include only permanent employees of the Group.

41. SEGMENT INFORMATION

	Textiles		Trading		Elimination of inter - segment transactions		Total - Group	
	2020	2019	2020	2019	2020	2019	2020	2019
	(RUPEES IN THOUSAND)							
Revenue								
External	**5,132,369**	7,237,431	**384,815**	155,603	**-**		**5,517,184**	7,393,034
Intersegment	**383,618**	113,070	**-**	-	**(383,618)**	(113,070)	**-**	-
	5,515,987	7,350,501	**384,815**	155,603	**(383,618)**	(113,070)	**5,517,184**	7,393,034
Cost of sales	**(5,194,522)**	(7,103,153)	**(340,922)**	(114,373)	**383,618**	113,070	**(5,151,826)**	(7,104,456)
Gross profit	**321,465**	247,348	**43,893**	41,230	**-**	-	**365,358**	288,578
Distribution cost	**(35,965)**	(52,455)	**(18,728)**	(7,576)	**-**	-	**(54,693)**	(60,031)
Administrative expenses	**(185,337)**	(179,695)	**(4,565)**	(1,080)	**-**	-	**(189,902)**	(180,775)
Other income	**37,778**	45,722	**8,670**	1,348	**-**	-	**46,448**	47,070
Finance cost	**(102,357)**	(83,244)	**(1,913)**	(1,027)	**-**	-	**(104,270)**	(84,271)
Profit before taxation and unallocated expenses	**35,584**	(22,324)	**27,357**	32,895	**-**	-	**62,941**	10,571
Other expenses							**(6,946)**	(1,737)
Share of (loss) / income from equity accounted investees							**(8,610)**	332
Taxation							**(28,336)**	(65,430)
Profit / (loss) after taxation							**19,049**	(56,264)

41.1 Reconciliation of reportable segment assets and liabilities:

	Textiles		Trading		Total - Group	
	2020	2019	2020	2019	2020	2019
	(RUPEES IN THOUSAND)					
Total assets for reportable segments	**6,650,276**	6,447,457	**94,141**	3,500	**6,744,417**	6,450,957
Unallocated assets:						
Investments in equity accounted investees					**53,209**	69,215
Deferred income tax asset					**58,496**	46,776
Total assets as per consolidated statement of financial position					**6,856,122**	6,566,948
Total liabilities for reportable segments	**1,955,295**	1,782,854	**22,056**	-	**1,977,351**	1,782,854
Unallocated liability:						
Provision for taxation					**171,468**	90,984
Total liabilities as per consolidated statement of financial position					**2,148,819**	1,873,838

41.2 Geographical information

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

	Textiles		Trading		Total - Group	
	2020	2019	2020	2019	2020	2019
	(RUPEES IN THOUSAND)					
Africa	**-**	14,460	**352,426**	141,715	**352,426**	156,175
America	**14,868**	-	**-**	-	**14,868**	-
Asia	**-**	100,946	**-**	11,601	**-**	112,547
Pakistan	**5,117,501**	7,121,563	**32,389**	2,749	**5,149,890**	7,124,312
	5,132,369	7,236,969	**384,815**	156,065	**5,517,184**	7,393,034

41.3 All non-current assets of the Group as at reporting date are located and operated in Pakistan.

41.4 Revenue from major customers

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.

	2020	2019
	(RUPEES IN THOUSAND)	
Summarized statement of financial position		
Current assets	**18,342**	17,797
Current liabilities	**(24,506)**	(24,684)
Net current liabilities	**(6,164)**	(6,887)
Non-current assets	**24,854**	24,241
Net assets	**18,690**	17,354
Accumulated non-controlling interest	**6,327**	5,874
Summarized statement of comprehensive income		
Income	**4,282**	9,919
Profit for the year	**1,336**	6,478
Other comprehensive income	**-**	-
Total comprehensive income	**1,336**	6,478
Profit allocated to non-controlling interest	**452**	2,193
Summarized cash flows		
Cash flows from operating activities	**-**	(49)
Cash flows from investing activities	**-**	-
Cash flows from financing activities	**-**	-
Net increase in cash and cash equivalents	**-**	(49)

43. PLANT CAPACITY AND ACTUAL PRODUCTION

a) Holding Company - Crescent Cotton Mills Limited

Spinning:

		2020	2019
100% plant capacity converted to 20s count based on 3 shifts per day for 1060 shifts (2019: 1095 shifts)	Kgs.	**26 654 697**	31 796 478
Actual production converted to 20s count based on 3 shifts per day for 1060 shifts (2019: 1095 shifts)	Kgs.	**23 681 117**	31 312 549

Embroidery and Hosiery:

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

b) Subsidiary Company - Crescot Mills Limited

Crescot Mills Limited has ceased its operations since August 1998.

43.1 Reason For Low Production

Plant capacity of spinning segment has been adjusted to incorporate the impact of temporary suspension due to lockdown announced by Federal Government and Provincial Governments to curtail the spread of COVID-19 pandemic. Moreover, the under utilisation of available capacity of spinning segment is mainly due to normal repair and maintenance.

44. FINANCIAL RISK MANAGEMENT

44.1 Financial risk factors

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

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

a) Market risk

(i) Currency risk

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

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

	2020	**2019**
Trade debts - USD	**553,778**	103,339

Following significant exchange rates were applied during the year:

Rupees per US Dollar		
Average rate	**164.00**	140.90
Reporting date rate	**168.25**	159.75

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit / (loss) after taxation for the year would have been Rupees 4.426 million higher / lower (2019: Rupees 0.825 million lower / higher) 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.

Sensitivity analysis

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

Index	Impact on statement of other comprehensive income (fair value reserve)	
	2020	**2019**
	(RUPEES IN THOUSAND)	
PSX 100 (5% increase)	**5,625**	5,651
PSX 100 (5% decrease)	**(5,625)**	(5,651)

(iii) Interest rate risk

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

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

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

	2020	2019
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial assets		
Sales tax refund bonds	**-**	19,700
Deposit account	**2,800**	2,800
Financial liabilities		
Short term borrowings	**-**	5000

As the Subsidiary Company ceased to charge further mark-up on borrowings from Samba Bank Limited as described in Note 13.3, therefore this financial liability has been removed from interest rate risk.

Floating rate instruments		
Financial liabilities		
Long term financing	**225,539**	190,136
Short term borrowings	**525,011**	339,068

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 / (loss) after taxation for the year would have been Rupees 6.408 million lower / higher (2019: Rupees 5.292 million higher / lower), mainly as a result of higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming that amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

b) Credit risk

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

	2020	2019
	(RUPEES IN THOUSAND)	
Investments	**112,503**	132,782
Loans and advances	**12,333**	11,815
Deposits	**5,466**	4,289
Trade debts	**280,321**	200,334
Other receivables	**57,158**	50,683
Bank balances	**44,435**	52,913
	512,216	452,816

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			2020	2019
	Short Term	Long Term	Agency	(RUPEES IN THOUSAND)	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	**3,132**	12,627
Allied Bank Limited	A1+	AAA	PACRA	**59**	53
Bank Alfalah Limited	A1+	AA+	PACRA	**7,734**	9,335
Habib Bank Limited	A-1+	AAA	VIS	**4,109**	8,666
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**6,211**	2,012
MCB Bank Limited	A1+	AAA	PACRA	**56**	598
United Bank Limited	A-1+	AAA	VIS	**9,647**	2,582
Askari Bank Limited	A1+	AA+	PACRA	**3,312**	36
Bank Al-Habib Limited	A1+	AA+	PACRA	**1,189**	1,750
The Bank of Punjab	A1+	AA	PACRA	**251**	99
JS Bank Limited	A1+	AA-	PACRA	**19**	5
Meezan Bank Limited	A-1+	AA+	VIS	**8,492**	13,537
Faysal Bank Limited	A1+	AA	PACRA	**76**	1,566
Sindh Bank Limited	A-1	A+	VIS	**89**	12
MCB Islamic Bank Limited	A1	A	PACRA	**59**	35
				44,435	52,913

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

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 2020, the Holding Company had Rupees 724.989 million (2019: Rupees 910.932 million) available borrowing limits from financial institutions. Moreover the Group had Rupees 45.069 million (2019: Rupees 53.676 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 2020:						
Non-derivative financial liabilities:						
Long term financing	225,539	289,927	18,511	36,440	77,655	157,321
Trade and other payables	641,736	641,736	641,736	-	-	-
Unclaimed dividend	3,980	3,980	3,980	-	-	-
Accrued mark-up	37,911	37,911	37,911	-	-	-
Short term borrowings	846,269	880,229	880,229	-	-	-
	1,755,435	1,853,783	1,582,367	36,440	77,655	157,321
Contractual maturities of financial liabilities as at 30 June 2019:						
Non-derivative financial liabilities:						
Long term financing	190,136	236,263	47,235	33,936	62,216	92,876
Trade and other payables	725,916	725,916	725,916	-	-	-
Unclaimed dividend	4,028	4,028	4,028	-	-	-
Accrued mark-up	35,897	35,897	35,897	-	-	-
Short term borrowings	665,837	691,987	691,987	-	-	-
	1,621,814	1,694,091	1,505,063	33,936	62,216	92,876

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 13 to these consolidated financial statements.

Carrying amount of long term financing as at 30 June 2020 includes overdue installments of principal amounting to Rupees Nil (2019: Rupees 11.883 million).

44.2 Financial instruments by categories

	2020			2019		
	At amortized cost	At FVTOCI	Total	At amortized cost	At FVTOCI	Total
	RUPEES IN THOUSAND					
Assets as per consolidated statement of financial position						
Investments	**-**	**112,503**	**112,503**	-	132,782	132,782
Loans and advances	**12,333**	**-**	**12,333**	11,815	-	11,815
Deposits	**5,466**	**-**	**5,466**	4,289	-	4,289
Trade debts	**280,321**	**-**	**280,321**	200,334	-	200,334
Other receivables	**56,903**	**-**	**56,903**	50,683	-	50,683
Cash and bank balances	**45,069**	**-**	**45,069**	53,676	-	53,676
	400,092	**112,503**	**512,595**	320,797	132,782	453,579

	2020	2019
	Financial liabilities at amortized cost	
	(RUPEES IN THOUSAND)	
Liabilities as per consolidated statement of financial position		
Long term financing	**225,539**	190,136
Accrued mark-up	**37,911**	35,897
Short term borrowings	**846,269**	665,837
Trade and other payables	**641,736**	725,916
Unclaimed dividend	**3,980**	4,028
	1,755,435	1,621,814

44.3 Offsetting financial assets and financial liabilities

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

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 13, respectively. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'.

		2020	2019
Borrowings	Rupees in thousand	**1,071,808**	855,973
Total equity	Rupees in thousand	**4,707,303**	4,693,110
Total capital employed	Rupees in thousand	**5,779,111**	5,549,083
Gearing ratio	Percentage	**18.55**	15.43

Increase in gearing ratio resulted primarily from increase in borrowings of the Group.

45. FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgments 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 2020	Level 1	Level 2	Level 3	Total
	RUPEES IN THOUSAND			
Financial assets				
At fair value through other comprehensive income	112,503	-	-	112,503
Total financial assets	112,503	-	-	112,503

Recurring fair value measurements At 30 June 2019	Level 1	Level 2	Level 3	Total
	RUPEES IN THOUSAND			
Financial assets				
At fair value through other comprehensive income	113,017	-	197	113,214
Total financial assets	113,017	-	197	113,214

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

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

(ii) Valuation techniques used to determine fair values

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

46. FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

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

At 30 June 2020	Level 1	Level 2	Level 3	Total
	RUPEES IN THOUSAND			
Investment properties	-	287,792	-	287,792
Freehold land	-	4,116,781	-	4,116,781
Total non-financial assets	-	4,404,573	-	4,404,573

At 30 June 2019	Level 1	Level 2	Level 3	Total
	RUPEES IN THOUSAND			
Investment properties	-	281,746	-	281,746
Freehold land	-	4,116,781	-	4,116,781
Total non-financial assets	-	4,398,527	-	4,398,527

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

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

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

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

Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of each financial year and for freehold land at least after every three years. As at 30 June 2020, the fair value of the investment properties has been determined by Messrs Evaluation Focussed Consulting and Messrs Sadruddin Associates (Private) Limited. The valuation of freehold land has been performed by Messrs Evaluation Focussed Consulting and Messrs Empire Enterprises (Private) Limited as at 30 June 2019.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer of the Holding Company and the valuers. As part of this discussion the teams present reports which explain the reason for the fair value movements.

47. **DATE OF AUTHORIZATION**

These consolidated financial statements were authorized for issue on ------------------- by the Board of Directors of the Holding Company.

48. **CORRESPONDING FIGURES**

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made except for gain on disposal of equity investments at fair value through other comprehensive income of Rupees 0.022 million which has to be deducted from 'fair value reserve' and charged to 'unappropriated profit' directly in equity instead of netting off from 'unappropriated profit'.

49. **GENERAL**

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

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

CCML
Crescent Cotton Mills Ltd.

FORM OF PROXY
Annual General Meeting

I/We________________________________of __________ a member/members of **Crescent Cotton Mills Limited** and holder of __________ shares as per Folio #_________ /CDC Participant's ID #_______and Sub Account # __________ /CDC Investor Account ID #___________ do hereby appoint ____ of _____________ or failing him _____________________________________ of _____________ who is also member of the Company vide Folio No. __________ /CDC Participant's ID #_______ and Sub Account # _________ /CDC Investor Account ID #__________ as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 09:30 a.m. on Wednesday the October 28, 2020 at the Registered Office of the Company New Lahore Road, Nishatabad, Faisalabad and at any adjournment thereof.

As witness my hand this ___________________ day of _____________2020.

________________________ **Member's Signature**	**Affix revenue stamps of Rs. 5/-**

Witnesses:

Signature:_______________	Signature:_______________
Name: _________________	Name: ________________
Address: ________________	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.

CCML
Crescent Cotton Mills Ltd.

کریسنٹ کاٹن ملز لمیٹڈ پراکسی فارم (مختار نامہ)

میں/ہم ____________________

بحیثیت رکن کریسنٹ کاٹن ملز لمیٹڈ اور حامل ____________ حصص بمطابق فولیو نمبر ____________

سی ڈی سی پارٹیسپیشن (شرکت) آئی ڈی نمبر ____________ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر ____________/سی ڈی سی انویسٹر اکاؤنٹ آئی ڈی نمبر ____________

محترم/محترمہ ____________ یا اسکی غیر موجودگی میں ____________

فولیو نمبر ____________/سی ڈی سی پارٹیسپیشن (شرکت) آئی ڈی نمبر ____________

اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر ____________/سی ڈی سی انویسٹر اکاؤنٹ آئی ڈی نمبر ____________ کو اپنے/ہمارے ایماء پر مورخہ 28 اکتوبر 2020 بروز بدھ 9:30 بجے بمقام رجسٹرڈ آفس نشاط آباد فیصل آباد پر منعقد ہونے والے کریسنٹ کاٹن ملز لمیٹڈ کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز.................. بتاریخ.................. 2020 کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

1

دستخط: ____________

نام: ____________

پتہ: ____________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________

-/5 روپے کا رسیدی ٹکٹ یہاں چسپاں کریں۔

2

دستخط: ____________

نام: ____________

پتہ: ____________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________

دستخط رکن
کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں۔

نوٹ:

1- اجلاس عام میں شرکت اور رائے دہی کا مستحق رکن، پراکسی مقرر کرسکتا ہے۔

2- پراکسی اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کے نوٹریلی مصدقہ کاپی، کمپنی کے شیئرز رجسٹرار دفتر وژن کنسلٹنگ لمیٹڈ لاہور میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل جمع کروائے جانے چاہئیں۔

3- سی ڈی سی اکاؤنٹ ہولڈرز کو پراکسیز تقرری کیلئے سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کے مورخہ 26 جنوری 2000 کو جاری کردہ سرکلر نمبر 1 میں دی گئی مندرجہ ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔

i- بصورت افراد، اکاؤنٹ ہولڈر اور/یا سب اکاؤنٹ ہولڈر جن کے سیکورٹیز انڈر رجسٹریشن تفصیلات قواعد وضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نامہ) جمع کرانا ہونگے۔

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

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

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

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