



CRESCENT COTTON MILLS LIMITED

CORPORATE BRIEFING SESSION – JUNE 30, 2019

BASIC INFORMATION ABOUT THE COMPANY

Date of incorporation	:	07 th day of March, 1959
Registration number	:	0000984
National tax number	:	0710139-2
Sales tax registration number	:	04-03-2900-001-82
Phone number	:	041-8752111-4, 041-8750363-4
Facsimile number	:	041-8750366
E.Mail address	:	info@crescentcotton.com
Website	:	crescentcotton.com

BOARD OF DIRECTORS

The panel of the Board of Directors comprises of the following :-

- Mr. Zahid Bashir Chairman
- Mr. Muhammad Arshad Chief Executive Officer

(In alphabetical order)

- Mr. Abid Mahmood Executive Director
- Mr. Adnan Amjad Non-Executive Director
- Mr. Humayun Mazhar Non-Executive Director
- Mr. Naveed Gulzar Executive Director
- Mr. Salman Rafi Independent Director
- Mr. Taimur Amjad Non-Executive Director



HISTORY

Crescent Sugar Mills & Distillery Limited was incorporated on March 07, 1959. The Company has three lines of business ie. Sugar Unit, Distillery Unit and Spinning Unit. Initially this company was a subsidiary of The Crescent Textile Mills Limited and was separately listed on the Karachi Stock Exchange in 1965. Now the Company is listed on all the three stock exchanges of the country. On May 02, 2012 the name of the company has been changed to Crescent Cotton Mills Limited with the approval of board of directors, share holders and Securities & Exchange Commission of Pakistan.

SUGAR UNIT

Sugar Unit went into commercial production in December 1960. The sugar plant was capable of producing 23,167 M.Tons of refined sugar. It has a daily crushing capacity of 3,000 TCD. This project was spread over approximate 98 acres, and is situated on the main Faisalabad Lahore Road. Quality white sugar was produced by this unit. At present due to operational difficulties plant and machinery of the sugar unit has been disposed of.

DISTILLERY UNIT

Distillery plant having a capacity of 2.727 Million liters of industrial alcohol, went into commercial production in 1965. This plant was located within the premises of the Sugar Unit. This unit produces both high quality denatured as well as rectified spirit. At present due to operational difficulties plant and machinery of the distillery unit has been disposed of.



SPINNING UNITS

The Company operates four Spinning Units. Unit one and two are located at Kotla Kahlon, 8/9 Kilometers from Shahkot towards Sheikhpura the third Unit is located at Kotri, Sindh and the fourth Unit is located at 46 Km, Lahore Multan Road. Spinning Unit # 1 comprising of 14,400 spindles was completed and put into operation on July 01, 1990. The capacity of the unit was 4,197,000 Kgs of yarn converted at 20s count. Later on 7,680 spindles were added to this unit. Spinning Unit # 2 was completed and came into operation in December 1994 having 15,360 spindles with a production capacity of 4,020,000 Kgs. of yarn converted at 20s count to which 5,760 spindles were added later on. Unit # 3 started its commercial production on January 01, 2004 with 14,400 spindles which was later on increased by 6,048 spindles. Unit # 4 started its commercial production in July 2017 with 20,160 spindles which were increased by 1,440 spindles. Presently the Spinning Units consist of 85,248 spindles with an accumulated capacity of 31,796,478 Kgs. of yarn converted at 20s count. Cotton as well as blended yarn is produced for the local as well as export market.

SUBSIDIARIES

Crescent Cotton Mills Limited has one subsidiary company.

Crescot Mills Limited

Crescot Mills Limited is a spinning unit situated at B-10, SITE Kotri district Hyderabad. Crescent Sugar Mills & Distillery Limited holds 66.15 % of the equity of Crescot Mills Limited. Due to heavy losses the company has ceased all production activities since August 1998 and has disposed off some of its plant and machinery. The management of the Company has got the Company de-listed from Karachi Stock Exchange (Guarantee) Limited, the sole stock exchange on which it was listed.



STATEMENT OF ETHICS AND BUSINESS PRACTICES

INTRODUCTION

Crescent Cotton Mills Limited (CCML) holds, and will continue to hold, a leading position among sugar, industrial alcohol and yarn manufacturers in Pakistan. CCML's activities are guided by the highest standards and principles of business conduct as accepted by the national as well as international business community.

Crescent Cotton Mills Limited is proud of its reputation, its honest treatment of customers, directors and employees. The professionalism of management and employees of CCML and the corporate principles and ethics abided by them continue to be an essential factor in the development of the company. These factors continue to shape and strengthen its present position in the business community. We believe that adherence to these principles is key to a successful future for Crescent Cotton Mills Limited.

Crescent Cotton Mills Limited operates in an emerging economy. Following the principles of good corporate citizenship, CCML is committed to setting an example of high ethical and proper business practices. It is our belief that adherence to the principles of corporate governance and transparency sets the tone for the ongoing development of our industry and the economy in which we operate.

Pakistan is CCML's home. As such, we are committed to increasing wealth in Pakistan and we have made this, one of our business priorities.



COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

PREAMBLE

Compliance with best practices of Corporate Governance may derive assurance that the company is being ethically managed according to prudently determined risk parameters in compliance with generally adopted corporate practices and that all transactions not only comply with all laws but are also fairly and accurately reflected in the financial statements.

The implementation and compliance of elements of Code of Corporate Governance is the responsibility of the Board of Directors of the Company.

This document reflects company's procedure for compliance with the elements of Code of Corporate Governance.



VISION STATEMENT

To continue to hold a highly prestigious profile amongst the national as well as international industry through producing international quality sugar, industrial alcohol, yarn and by-products, while ever endeavoring for a sustainable growth of the Company.

MISSION STATEMENT

The company's primary mission is to be a profitable performance proven leader in sugar, industrial alcohol and yarn manufacturing, with recognition coming from our customers, our equity holders, 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.



KEY OPERATING AND FINANCIAL DATA

	2019	2018	2017	2016	2015	(RUPEES IN MILLION) 2014
Summary of Profit and Loss Account						
Sales	7,393	6,094	3,984	3,454	3,810	4,959
Gross profit	289	244	127	128	201	369
Profit from operations	81	104	110	17	25	152
Finance cost	84	55	29	32	37	40
(Loss)/profit before taxation	(3)	49	81	(15)	(12)	112
Taxation	88	43	52	7	9	15
(Loss)/profit after taxation	(91)	6	29	(22)	(21)	97

Summary of Balance Sheet

Property, plant and equipment	5,151	4,135	4,024	3,666	3,035	2,903
Other non-current assets	63	31	43	66	50	26
Stock in trade	475	379	270	386	395	414
Trade debts	200	127	64	40	56	79
Other current assets	636	716	729	402	367	515
Current assets	1,311	1,222	1,063	828	818	1,008
Total assets	6,525	5,388	5,130	4,560	3,903	3,937
Shareholders equity	531	698	861	578	598	617
Surplus on revaluation of operating fixed assets	4,137	3,080	3,080	3,080	2,543	2,523
Long term financing	131	178	226	-	-	-
Other non-current liabilities	101	81	75	67	59	57
Trade and other payables	789	723	392	350	330	380
Short term borrowings	661	529	440	447	328	305
Other current liabilities	175	99	56	38	45	55
Current liabilities	1,625	1,351	888	835	703	740
Total equity and liabilities	6,525	5,388	5,130	4,560	3,903	3,937

Summary of Cash Flow Statement

Cash and cash equivalents at the beginning of the year	106	41	32	16	120	136
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Net cash (used in) / generated from operating activities	(125)	118	18	(15)	54	54
Net cash used in investing activities	(25)	(130)	(240)	(85)	(143)	(39)
Net cash from / (used in) financing activities	94	77	231	116	(15)	(31)
Net increase / (decrease) in cash and cash equivalents	(56)	65	9	16	(104)	(16)
Cash and cash equivalents at the end of the year	50	106	41	32	16	120

PERFORMANCE INDICATORS

		2019	2018	2017	2016	2015	2014
Profitability Ratios							
Gross profit ratio	%	3.91	4.00	3.19	3.71	5.28	7.44
Net profit to sales	%	(1.23)	0.10	0.73	(0.64)	(0.55)	1.96
Return on equity	%	(17.14)	0.86	3.37	(3.81)	(3.51)	15.72
Return on capital employed	%	(0.45)	7.34	12.87	(2.38)	(1.91)	17.79
Liquidity Ratios							
Current ratio	Times	0.81	0.90	1.20	0.99	1.16	1.36
Quick ratio	Times	0.51	0.62	0.89	0.53	0.60	0.80
Cash to current liabilities	%	0.03	0.08	0.05	0.04	0.02	0.16
Activity / Turnover Ratios							
Inventory turnover	Times	17	18	12	9	9	11
Number of days in inventory	Days	22	20	31	43	41	32
Debtor turnover	Times	45	64	77	72	56	57
Number of days in receivables	Days	8	6	5	5	6	6
Creditors turnover	Times	9	10	10	10	10	13
Number of days in payables	Days	39	35	35	37	36	28
Total assets turnover	Times	1.24	1.16	0.82	0.82	0.97	1.26
Property, plant and equipment turnover	Times	1.59	1.49	1.04	1.03	1.28	1.72



Investment / Market Ratios

Basic and diluted earning/(loss) per share	Rs.	0.26	0.26	1.35	(1.05)	(1.00)	4.53
Price earning ratio	Times	109.15	96.69	33.07	(42.86)	(54.55)	12.40
Market value per share							
- At the end of year	Rs.	28.38	25.14	44.65	45.00	54.55	56.15
- Highest during the year	Rs.	39.64	39.64	53.90	54.95	54.55	60.58
- Lowest during the year	Rs.	23.89	25.14	44.00	45.00	37.05	27.80
Break up value w/o surplus on revaluation	Rs.	23.43	30.80	40.28	27.04	27.97	28.86
Break up value with surplus on revaluation	Rs.	206.00	166.72	184.35	171.11	146.93	146.88

Capital Structure Ratios

Financial leverage ratio	Times	1.49	1.01	0.77	0.77	0.55	0.49
Long term debt to equity ratio	%	24.67	25.50	26.25	-	-	-
Interest coverage ratio	Times	0.96	1.89	3.79	0.53	0.68	3.80