

2021



1st QUARTER |
SEPTEMBER 30 |



| The Crescent Textile Mills Limited



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COMPANY INFORMATION

Board of Directors

		Bankers
Mr. Khalid Bashir	Chairman	Allied Bank Limited
Mr. Muhammad Anwar	Chief Executive Officer	Askari Bank Limited
Mr. Ahmad Shafi	Director	Habib Bank Limited
Mr. Amjad Mehmood	Director	MCB Bank Limited
Mr. Khurram Mazhar Karim	Director	MCB Islamic Bank Limited
Mr. Amin Anjum Saleem	Independent Director	National Bank of Pakistan
Mrs. Nazia Maqbool	Independent Director	Standard Chartered Bank (Pakistan) Limited
		The Bank of Punjab
		United Bank Limited

Audit Committee

Mr. Amin Anjum Saleem	Chairman
Mr. Khalid Bashir	Member
Mr. Khurram Mazhar Karim	Member

HR & R Committee

Mrs. Nazia Maqbool	Chairman
Mr. Ahmad Shafi	Member
Mr. Khurram Mazhar Karim	Member

Chief Financial Officer

Mr. Asim Siddique

Company Secretary

Mr. Naseer Ahmad Chaudhary	Mills & Registered Office
	Sargodha Road,
	Faisalabad, Pakistan

Head of Internal Audit

Mr. Usman Yaseen	T: + 92-41-111-105-105
	F: + 92-41-8786525
	E: crestex@ctm.com.pk

Auditors

Riaz Ahmad and Company
Chartered Accountants

Legal Advisor

Syed Masroor Ahmad

Stock Exchange Listing

The Crescent Textile Mills Limited is a listed Company and its shares are traded on Pakistan Stock Exchange.	Share Registrar
	CorpTec Associates (Private) Limited,
	503 - E, Johar Town,
	Lahore, Pakistan

The Company's shares are quoted in leading dailies under textile composite sector.

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DIRECTORS' REPORT

for the 1st Quarter Ended September 30, 2021

The Board of Directors is pleased to present a brief overview of the operational and financial performance of the Company for the first quarter ended September 30, 2021.

Industry overview

The recovery in Pakistan's economy has gained further traction. The rebound in economic activity is corroborated by the strength of a variety of demand indicators such as power consumption, cement dispatches, automobile sales volume, and sales of retail fuel. However, this strong recovery in domestic demand, coupled with spike in global commodity prices, have led to a large import bill and a hefty current account deficit. Consequently, PKR devalued by more than 10% versus US Dollar since May 2021. Textile export for the first quarter of FY 22 showed marvelous improvement of 27.4 percent in comparison to similar period of last year. Product wise break up reveals that bed wear export increased by 23.3 percent, knitwear segment export witnessed 32.9 percent growth and readymade garments segment recorded 22.7 percent increase. Textile industry is well on its way to achieve textile export of USD 21 billion for FY 22, based on the assumption that government policies will remain supportive for the industry.

Company's performance

Quarter wise brief financial analysis of the Company is presented here under:

Rupees in million	1st Qtr FY 22	1st Qtr FY 21	Variance	%
Revenue	4,713	3,893	820	21
Gross Profit	709	555	154	28
Operating cost	378	312	66	21
Finance cost	99	102	(2)	(2)
Other income	112	19	93	485
Taxation	100	60	41	68
Net profit after tax	245	101	144	142
Earning Rs. per share	2.50	1.21	1	107

Operational performance of the Company in the first quarter of this financial year improved significantly. Revenue of the Company grew by 21 percent during first quarter of FY 22. This increase is mainly attributed to increase in local sale that grew by 48 percent. Export sale increased by 8 percent in comparison to the corresponding period. Gross profit also improved in line with increase in sales. Operating cost increased by 21 percent due to increase in distribution cost on account of high sea freight rates. Other income increased by Rs 93 million mainly on account of exchange gain due rupee depreciation. Tax provision increased due increase in turnover tax and deferred tax expense due increase in profitability. The future prospects of Company are encouraging due surge in our products demand and full capacity utilization in all business segments.

Acknowledgement

The Board records its profound appreciation for all our colleagues, customers, banks, management and factory staff who are strongly committed to their work as the success of your Company is built around their efforts. The Company acknowledges and thanks all stakeholders for the confidence reposed in it.

for and on behalf of the Board of Directors


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director

ڈائریکٹرز کی رپورٹ

برائے عرصہ ختم 30 ستمبر 2021ء

بورڈ آف ڈائریکٹرز 30 ستمبر 2021ء کو مختصر سہ ماہی کے لیے مالی اور عملی کارکردگی پر اپنا مختصر جائزہ آپ کی خدمت میں پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

صنعت کا جائزہ:

پاکستان میں معیشت کی بحالی نے مزید بہتری حاصل کی ہے۔ معاشی سرگرمیوں میں تیزی طلب کے مختلف اشاروں کی طاقت جیسے بجلی کی کھیت، سیٹل، آٹوموبائل کی فروخت کے حجم اور خوردہ اجناس کی فروخت سے ثابت ہوتی ہے۔ تاہم مقامی طلب میں یہ مضبوط بحالی ایشیا کی بین الاقوامی قیمتوں میں اضافے کے ساتھ بڑے درجہ مدنی بل اور بھاری کرفٹ کا ڈنٹ خسارے کا باعث بنی ہے۔ اس کے نتیجے میں پاکستانی روپیہ کی قدر میں مئی 2021ء سے امریکی ڈالر کے مقابلے میں 10 فیصد سے زیادہ کمی ہوئی ہے۔ مالی سال 2022ء کی پہلی سہ ماہی میں ٹیکسٹائل برآمدات نے گزشتہ سال کی اسی مدت کے مقابلے میں 27.4 فیصد کی شاندار بہتری دکھائی۔ مصنوعات کے لحاظ سے دوجہ بندی سے پتہ چلتا ہے کہ بیڈ ویئر کی برآمدات میں 23.3 فیصد اضافہ ہوا ہے، نٹ ویئر برآمدات میں 32.9 فیصد اور بیڈ میڈی گارمنٹس کے شعبے میں 22.7 فیصد اضافہ دیکھا گیا ہے۔ ٹیکسٹائل انڈسٹری مالی سال 2022ء کے لیے 21 ٹین ڈالر کی ٹیکسٹائل برآمدات کرنے کی راہ پر گامزن ہے تاہم اس کی بنیاد یہ گمان ہے کہ حکومتی پالیسیاں انڈسٹری کے لیے معاون رہیں گی۔

سہ ماہی کی کارکردگی:

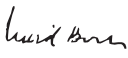
سہ ماہی کے لحاظ سے سہ ماہی کا مختصر مالیاتی تجزیہ درج ذیل ہے:


فرق فیصد	فرق	مالی سال 2021ء پہلی سہ ماہی	مالی سال 2022ء پہلی سہ ماہی	ملین روپے
21	820	3,893	4,713	آمدن
28	154	555	709	جموئی نفع
21	66	312	378	عملی اخراجات
(2)	(2)	102	99	مالیاتی اخراجات
485	93	19	112	دیگر آمدن
68	41	60	100	محصولات
142	144	101	245	خالص منافع بعد از محصولات
107	1	1.21	2.50	آمدن فی شیئر

اس مالی سال کی پہلی سہ ماہی میں سہ ماہی کی عملی کارکردگی میں نمایاں بہتری آئی ہے۔ مالی سال 2022ء کی پہلی سہ ماہی کے دوران سہ ماہی کی آمدنی میں 21 فیصد اضافہ ہوا۔ یہ اضافہ بنیادی طور پر مقامی فروخت میں اضافے کا سربراہ منٹ ہے جس میں 48 فیصد اضافہ ہوا ہے۔ برآمدی فروخت میں اسی مدت کے مقابلے میں 8 فیصد اضافہ ہوا۔ فروخت میں اضافے کے ساتھ جموئی منافع میں بھی بہتری آئی عملی لاگت میں 21 فیصد اضافہ ہوا جس کی وجہ سے تریل کی لاگت میں اضافہ ہے، جو سمندری مال برداری کی زیادہ شرح کے باعث ہوا۔ دیگر آمدنی میں 93 ملین روپے کا اضافہ ہوا جس کی بنیادی وجہ روپے کی قدر میں کمی کی وجہ سے تبادلہ کا حصول تھا۔ ٹرن اور ٹیکس میں اضافے کی وجہ سے ٹیکس کی فراہمی اور منافع کی وجہ سے موثر ٹیکس اخراجات میں اضافہ ہوا۔ ہماری مصنوعات کی طلب میں اضافے اور تمام کاروباری شعبہ جات میں صلاحیت کے مکمل استعمال کی وجہ سے سہ ماہی کے مستقبل کے امکان کا حوصلہ افزا ہے۔

اعتراف خدمات:

بورڈ اپنے تمام شرکائے کار، صارفین، منجمنوں، انتظامیہ اور ٹیکسٹائل منافع کو ادائیگیوں میں خراج تحسین پیش کرتا ہے جو اپنے کام کے لیے پر عزم ہیں کیونکہ آپ کی سہ ماہی کی کامیابی ان کی کوششوں کی مرہون منت ہے۔ سہ ماہی اس اعتراف پر اپنے تمام متعلقین کی سپاس گزار اور شکر گزار ہے۔


محمد انور
ڈائریکٹر

منجانب: بورڈ آف ڈائریکٹرز

محمد انور
چیف ایگزیکٹو آفیسر

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at September 30, 2021

(Rupees in '000')	Note	Un-Audited September 30, 2021	Audited June 30, 2021
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 100 000 000 (June 30, 2021: 100 000 000) ordinary shares of Rupees 10 each		1,000,000	1,000,000
Issued, subscribed and paid up share capital		1,000,000	800,000
Share deposit money		-	312,152
Reserves			
Capital reserves			
Premium on issue of right shares		390,559	200,169
Fair value reserve		923,422	1,079,509
Surplus on revaluation of operating fixed assets - net of deferred income tax		4,160,681	4,160,718
Revenue reserves		3,567,318	3,321,998
		9,041,980	8,762,394
TOTAL EQUITY		10,041,980	9,874,546
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	3	823,211	964,336
Deferred income tax liability		45,665	-
Deferred liabilities		-	46,144
		868,876	1,010,480
CURRENT LIABILITIES			
Trade and other payables		2,107,601	2,059,812
Unclaimed dividend		11,072	11,109
Accrued mark-up		61,730	79,606
Short term borrowings		6,398,267	6,127,540
Current portion of long term financing		485,791	479,090
Current portion of deferred liabilities		426,864	407,040
Provision for taxation		271,004	215,248
		9,762,329	9,379,445
Total liabilities		10,631,205	10,389,925
CONTINGENCIES AND COMMITMENTS			
	4		
TOTAL EQUITY AND LIABILITIES		20,673,185	20,264,471
Assets			
Non-current assets			
Property, plant and equipment	5	7,415,763	7,376,131
Intangible asset		11,534	13,456
Long term investments		3,850,563	3,806,670
Long term loans and advances		1,084	307
Long term deposits and prepayments		14,901	15,208
Deferred income tax asset		-	1,362
		11,293,845	11,213,134
Current assets			
Stores, spare parts and loose tools		264,560	224,719
Stock-in-trade		4,156,073	3,711,478
Trade debts		2,814,515	2,694,954
Loans and advances		44,260	42,032
Short term deposits and prepayments		146,132	130,661
Accrued interest		25,794	14,621
Income tax		786,332	737,009
Other receivables		522,267	366,416
Short term investment		594,023	791,517
Cash and bank balances		25,384	337,930
		9,379,340	9,051,337
TOTAL ASSETS		20,673,185	20,264,471

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


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director


Asim Siddique
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

for the 1st Quarter Ended September 30, 2021

(Rupees in '000')	Note	September 30, 2021	September 30, 2020
Revenue		4,712,766	3,892,851
Cost of sales	6	(4,003,336)	(3,337,360)
Gross profit		709,430	555,491
Distribution cost		(244,343)	(174,216)
Administrative expenses		(114,429)	(101,849)
Other expenses		(19,320)	(35,886)
		(378,092)	(311,951)
		331,338	243,540
Other income		111,721	19,085
Profit from operations		443,059	262,625
Finance cost		(97,479)	(101,718)
Profit before taxation		345,580	160,907
Taxation		(100,297)	(59,535)
Profit after taxation		245,283	101,372
Earnings per share - basic and diluted (Rupees)		2.50	1.21

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


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director


Asim Siddique
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

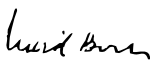
for the 1st Quarter Ended September 30, 2021

(Rupees in '000')	September 30, 2021	September 30, 2020
Profit after taxation	245,283	101,372
Other comprehensive (loss) / income		
Items that will not be reclassified to statement of profit or loss in subsequent periods:		
(Deficit) / surplus arising on remeasurement of investments at fair value through other comprehensive income	(153,601)	106,671
Deferred income tax relating to investments at fair value through other comprehensive income	(2,486)	1,975
	(156,087)	108,646
Items that may be reclassified to statement of profit or loss in subsequent periods:	-	-
Other comprehensive (loss) / income for the period - net of tax	(156,087)	108,646
Total comprehensive income for the period	89,196	210,018

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



Muhammad Anwar
Chief Executive Officer



Khalid Bashir
Director



Asim Siddique
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

for the 1st Quarter Ended September 30, 2021

(Rupees in '000)	SHARE CAPITAL	SHARE DEPOSIT MONEY	RESERVES						TOTAL	TOTAL EQUITY	
			CAPITAL RESERVES			REVENUE RESERVES					
			Premium on issue of rihgt shares	Fair value of investments at FV(TOCl)	Surplus on revaluation of operating fixed assets - net of deferred income tax	Sub total	General	Unappropriated profit			Sub total
Balance as at June 30, 2020 - (Audited)	800,000	-	200,169	673,438	4,160,766	5,034,373	1,803,643	1,001,688	2,805,331	7,839,704	8,639,704
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	(127)	(127)	-	127	127	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	-	169	169	-	-	-	169	169
Gain realized on disposal of equity investment at fair value through other comprehensive income	-	-	-	(119)	-	(119)	-	119	119	-	-
Profit for the period	-	-	-	-	-	-	-	101,372	101,372	101,372	101,372
Other comprehensive income for the period	-	-	-	108,765	-	108,765	-	-	-	108,765	108,765
Total comprehensive profit for the period	-	-	-	108,765	-	108,765	-	101,372	101,372	210,137	210,137
Balance as at September 30, 2020 - (Un-audited)	800,000	-	200,169	782,084	4,160,808	5,143,061	1,803,643	1,103,306	2,906,949	8,050,010	8,850,010
Transaction with owners - Share deposit money received during the period against right shares at the rate of Rupees 20 per share	-	312,152	-	-	-	-	-	-	-	-	312,152
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	(22)	(22)	-	22	22	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	-	(68)	(68)	-	-	-	(68)	(68)
Gain realized on disposal of equity investment at fair value through other comprehensive income	-	-	-	(749)	-	(749)	-	749	749	-	-
Profit for the period	-	-	-	-	-	-	-	414,278	414,278	414,278	414,278
Other comprehensive income for the period	-	-	-	298,174	-	298,174	-	-	-	298,174	298,174
Total comprehensive income for the period	-	-	-	298,174	-	298,174	-	414,278	414,278	712,452	712,452
Balance as at June 30, 2021 - (Audited)	800,000	312,152	200,169	1,079,509	4,160,718	5,440,396	1,803,643	1,518,355	3,321,998	8,762,394	9,874,546
Transactions with owners:											
Share deposit money received during the period against right shares at the rate of Rupees 20 per share	-	87,848	-	-	-	-	-	-	-	-	87,848
Issuance of right shares during the period	200,000	(400,000)	200,000	-	-	200,000	-	-	-	200,000	-
Cost incurred on issuance of right shares	-	-	(9,610)	-	-	(9,610)	-	-	-	(9,610)	(9,610)
	200,000	(312,152)	190,390	-	-	190,390	-	-	-	190,390	78,238
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	(37)	(37)	-	37	37	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	245,283	245,283	245,283	245,283
Other comprehensive loss for the period	-	-	-	(156,087)	-	(156,087)	-	-	-	(156,087)	(156,087)
Total comprehensive income for the period	-	-	-	(156,087)	-	(156,087)	-	245,283	245,283	89,196	89,196
Balance as at September 30, 2021 - (Un-audited)	1,000,000	-	390,559	923,422	4,160,681	5,474,662	1,803,643	1,763,675	3,567,318	9,041,980	10,041,980


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director


Asim Siddique
Chief Financial Officer

1st QUARTER
SEPTEMBER 30 | 2021

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

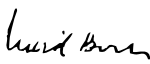
for the 1st Quarter Ended September 30, 2021

(Rupees in '000')	Note	September 30, 2021	September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	7	(243,433)	(73,266)
Finance cost paid		(114,770)	(121,801)
Net income tax (paid) / refund		(49,323)	8,220
Dividend paid		(37)	(41)
Net (increase) / decrease in long term loans and advances		(1,135)	267
Net decrease / (increase) in long term deposits and prepayments		307	(225)
Net cash used in operating activities		(409,314)	(186,846)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(118,580)	(160,963)
Proceeds from sale of property, plant and equipment		4,110	-
Proceeds from sale of investment		-	196
Net cash used in investing activities		(114,470)	(160,767)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	409,395
Share deposit money received - net		78,238	-
Repayment of long term financing		(137,727)	-
Short term borrowings - net		270,727	(86,306)
Net cash from financing activities		211,238	323,089
Net decrease in cash and cash equivalents		(312,546)	(24,524)
Cash and cash equivalents at the beginning of the period		337,930	38,985
Cash and cash equivalents at the end of the period		25,384	14,461

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



Muhammad Anwar
Chief Executive Officer



Khalid Bashir
Director



Asim Siddique
Chief Financial Officer

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

for the 1st Quarter Ended September 30, 2021

1. THE COMPANY AND ITS ACTIVITIES

The Crescent Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017). The registered office of the Company is situated at Sargodha Road, Faisalabad, Punjab. Its shares are quoted on Pakistan Stock Exchange Limited. The Company is engaged in the business of textile manufacturing comprising of spinning, combing, weaving, dyeing, bleaching, printing, stitching, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber(s) and to generate, accumulate, distribute, supply and sale of electricity. Head office and production units are situated at Sargodha Road, Faisalabad, Punjab except for the weaving unit which is situated at Industrial Estate, Hattar, Tehsil Khanpur, District Haripur, Khyber Pakhtunkhwa, stitching unit which is situated at Lahore Road, Jaranwala, Punjab and liaison office situated at 8th Floor, Sidco Avenue Centre, 264-R.A. Lines, Stretchen Road, Karachi, Sindh.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

a) Statement of compliance

i) 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) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP), 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 and IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

ii) These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2021.

b) Accounting policies and computation methods

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding annual audited published financial statements of the Company for the year ended June 30, 2021.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

for the 1st Quarter Ended September 30, 2021

2.2 Accounting estimates, judgments and financial risk management

The preparation of these condensed interim 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.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended June 30, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended June 30, 2021.

(Rupees in '000')	Un-Audited September 30, 2021	Audited June 30, 2021
3. LONG TERM FINANCING		
Financing from banking companies - secured		
Opening balance	1,453,450	1,154,940
Add: Obtained during the period / year	-	414,686
Less: Repaid during the period / year	137,727	116,176
	1,315,723	1,453,450
Less:		
Deferred income - Government grant (Note 3.1)	6,721	10,024
Current portion shown under current liabilities	485,791	479,090
	492,512	489,114
	823,211	964,336

3.1 This represents deferred income on initial recognition of loans obtained under State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries to workers of the Company.

4. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Guarantees of Rupees 251.534 million (June 30, 2021: Rupees 248.691 million) are given by the banks of the Company to Collector of Customs against import of certain items, SINGPL against gas connections and Faisalabad Electric Supply Company Limited (FESCO) against electricity connections.
- ii) Guarantee of Rupees 2.000 million (June 30, 2021: Rupees 2.000 million) is given by the bank of the Company to Total Parco Pakistan Limited against fuel cards.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

for the 1st Quarter Ended September 30, 2021

- iii) Post dated cheques of Rupees 507.220 million (June 30, 2021: Rupees 536.370 million) are issued to custom authorities in respect of duties on imported materials availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- v) The Company filed PRA reference No. 111963-2017 dated 28 December 2017 in the Honorable Lahore High Court, Lahore against the order of learned Appellate Tribunal of Punjab Revenue Authority (PRA) Lahore, for the collection of PRA withholding tax amounting to Rupees 23.348 million (June 30, 2021: Rupees 23.348 million). Appeal is pending for adjudication. Management of the Company is confident that the ultimate outcome of this case will be in Company's favor.
- vi) The Company filed a petition in the Honorable Lahore High Court, Lahore on 24 March 2021 pertaining to the oppression of the Company as shareholder by Crescent Bahuman Limited. Any outcome of this petition will not have any financial impact on the Company. Based on advice from legal advisor, the Company is confident that there are reasonable grounds for a favorable decision.
- b) Commitments
- i) Contracts for capital expenditure are of Rupees 223.626 million (June 30, 2021: Rupees 250.660 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 884.746 million (June 30, 2021: Rupees 426.643 million).
- iii) Ijarah commitments are of Rupees 57.673 million (June 30, 2021: Rupees 68.847 million).

(Rupees in '000')	Un-Audited September 30, 2021	Audited June 30, 2021
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - Owned (Note 5.1)	7,174,425	7,188,601
Capital work-in-progress (Note 5.2)	241,338	187,530
	7,415,763	7,376,131
5.1 Operating fixed assets - Owned		
Opening book value	7,188,601	7,328,499
Add: Cost of additions during the period / year (Note 5.1.1)	64,772	194,877
	7,253,373	7,523,376
Less:		
Book value of deletions during the period / year (Note 5.1.2)	1,816	1,262
Depreciation charged for the period / year	77,132	333,513
	78,948	334,775
Book value at the end of the period / year	7,174,425	7,188,601

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

for the 1st Quarter Ended September 30, 2021

(Rupees in '000')	Un-Audited	Audited
	September 30, 2021	June 30, 2021
5.1.1 Cost of additions during the period / year		
Plant and machinery	46,572	165,798
Factory tools and equipment	-	2,516
Gas and electric installations	2,195	1,553
Vehicles	15,668	16,047
Furniture and fixtures	-	169
Office equipment	337	8,794
	<u>64,772</u>	<u>194,877</u>
5.1.2 Book value of deletions during the period / year		
Plant and machinery	-	1,245
Office equipment	-	17
Vehicles	1,816	-
	<u>1,816</u>	<u>1,262</u>
5.2 Capital work-in-progress		
Buildings on freehold land	93,364	41,260
Plant and machinery	630	24,546
Advance against purchase of vehicle	26,885	13,026
Advance against purchase of land	120,459	108,698
	<u>241,338</u>	<u>187,530</u>
(Rupees in '000')	Un-Audited Quarter ended	
	September 30, 2021	September 30, 2020
6. COST OF SALES		
Raw materials consumed	1,513,420	1,242,100
Cloth and yarn purchased	738,779	521,967
Stores, spare parts and loose tools consumed	272,742	292,396
Packing material consumed	224,600	205,881
Processing and weaving charges	220,169	183,033
Salaries, wages and other benefits	380,965	309,384
Fuel and power	396,520	387,880
Repair and maintenance	18,156	13,031
Insurance	5,053	3,302
Depreciation	70,717	74,834
Other factory overheads	26,811	16,410
	<u>3,867,932</u>	<u>3,250,218</u>

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

for the 1st Quarter Ended September 30, 2021

(Rupees in '000')	Un-Audited Quarter ended	
	September 30, 2021	September 30, 2020
Work-in-process:		
Opening stock	196,289	227,357
Closing stock	(238,264)	(230,295)
	(41,975)	(2,938)
Cost of goods manufactured	3,825,957	3,247,280
Finished goods:		
Opening stock	2,118,777	2,082,927
Closing stock	(1,941,398)	(1,992,847)
	177,379	90,080
	4,003,336	3,337,360
7. CASH USED IN OPERATIONS		
Profit before taxation	345,580	160,907
Adjustments for non-cash charges and other items:		
Depreciation	77,132	80,969
Amortization	1,922	1,889
Mark-up on workers' profit participation fund	585	22
Provision for workers' profit participation fund	17,145	9,673
Gain on disposal of operating fixed assets	(2,294)	-
Finance cost	96,894	101,696
Working capital changes (Note 7.1)	(780,397)	(428,422)
	(243,433)	(73,266)
7.1 Working capital changes		
Decrease / (increase) in current assets:		
Stores, spare parts and loose tools	(39,841)	(53,037)
Stock-in-trade	(444,595)	(261,583)
Trade debts	(119,561)	(117,204)
Loans and advances	(1,870)	(9,634)
Short term deposits and prepayments	(15,471)	(4,000)
Interest accrued	(11,173)	948
Other receivables	(155,851)	(71,694)
	(788,362)	(516,204)
Increase in trade and other payables	7,965	87,782
	(780,397)	(428,422)

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

for the 1st Quarter Ended September 30, 2021

8. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise 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 and balances with related parties is as follows:

(Rupees in '000')		Un-Audited Quarter ended	
		September 30, 2021	September 30, 2020
i) Transactions			
Particulars	Nature of transaction		
Associated companies	Services provided	186	186
	Sales of goods	6,655	-
	Fixed assets purchased	3,042	-
	Insurance premium	12,306	7,172
Employees' Provident Fund Trust	Contribution paid	10,441	7,828
Key management personnel	Remuneration paid to chief executive, directors and executives	61,183	54,279

(Rupees in '000)		Un-Audited	Audited
		September 30, 2021	June 30, 2021
ii) Period end balances			
Associated companies and other related parties			
	Trade and other payables	16,141	567
	Trade debts	171	17,145
	Other receivables	206	31

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

for the 1st Quarter Ended September 30, 2021

9. SEGMENT INFORMATION

(Rupees in '000)	Spinning	
	(Un-audited)	
	Quarter ended	
	September 30,2021	September 30,2020
Revenue		
External	1,661,415	1,208,550
Intersegment	695,377	617,851
	2,356,792	1,826,401
Cost of sales	(1,963,686)	(1,720,674)
Gross profit	393,106	105,727
Distribution cost	(19,136)	(12,863)
Administrative expenses	(33,058)	(29,386)
	(52,194)	(42,249)
Profit / (loss) before taxation and unallocated income and expenses	340,912	63,478
Unallocated income and expenses		
Other expenses		
Other income		
Finance cost		
Taxation		
Profit after taxation		

9.1 Reconciliation of reportable segment assets and liabilities:

(Rupees in '000)	Spinning	
	(Un-Audited)	(Audited)
	September 30,2021	June 30,2021
Total assets for reportable segments	4,274,218	3,605,880
Unallocated assets		
Total assets as per statement of financial position		
All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.		
Total liabilities for reportable segments	3,468,771	3,483,617
Unallocated liabilities		
Total liabilities as per statement of financial position		

All segment liabilities are allocated to reportable segments other than major portion of trade and other payables,

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

for the 1st Quarter Ended September 30, 2021

Weaving		Processing & Home Textile		Power Generation		Elimination of Inter - Segment transactions		Total - Company	
(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended	
September 30,2021	September 30,2020	September 30,2021	September 30,2020	September 30,2021	September 30,2020	September 30,2021	September 30,2020	September 30,2021	September 30,2020
187,317	26,783	2,864,034	2,657,518	-	-	-	-	4,712,766	3,892,851
2,045,535	1,638,262	-	-	327,335	303,227	(3,068,247)	(2,559,340)	-	-
2,232,852	1,665,045	2,864,034	2,657,518	327,335	303,227	(3,068,247)	(2,559,340)	4,712,766	3,892,851
(2,152,835)	(1,639,244)	(2,635,682)	(2,240,523)	(319,380)	(296,259)	3,068,247	2,559,340	(4,003,336)	(3,337,360)
80,017	25,801	228,352	416,995	7,955	6,968	-	-	709,430	555,491
(4,116)	(2,864)	(219,701)	(157,545)	(1,390)	(944)	-	-	(244,343)	(174,216)
(10,313)	(9,168)	(65,251)	(58,133)	(5,807)	(5,162)	-	-	(114,429)	(101,849)
(14,429)	(12,032)	(284,952)	(215,678)	(7,197)	(6,106)	-	-	(358,772)	(276,065)
65,588	13,769	(56,600)	201,317	758	862	-	-	350,658	279,426
								(19,320)	(35,886)
								111,721	19,085
								(97,479)	(101,718)
								(100,297)	(59,535)
								245,283	101,372

Weaving		Processing & Home Textile		Power Generation		Total - Company	
(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
September 30,2021	June 30,2021	September 30,2021	June 30,2021	September 30,2021	June 30,2021	September 30,2021	June 30,2021
1,403,493	1,410,306	3,746,493	3,884,270	356,215	358,657	9,780,419	9,259,113
						10,892,766	11,005,358
						20,673,185	20,264,471
464,569	608,144	3,760,231	3,496,886	75,427	61,925	7,768,998	7,650,572
						2,862,207	2,739,353
						10,631,205	10,389,925

and tax liabilities.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

for the 1st Quarter Ended September 30, 2021

9.2 Geographical Information

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

	Spinning		Weaving		Processing & Home Textile		Total Company	
	September 30,2021	September 30,2020	September 30,2021	September 30,2020	September 30,2021	September 30,2020	September 30,2021	September 30,2020
Europe	-	-	12,721	4,954	2,265,946	2,213,673	2,278,667	2,218,627
America	-	-	-	-	329,368	280,405	329,368	280,405
Asia, Africa and Australia	-	-	-	-	221,629	122,337	221,629	122,337
Pakistan	1,661,415	1,208,550	174,596	21,829	47,091	41,103	1,883,102	1,271,482
	1,661,415	1,208,550	187,317	26,783	2,864,034	2,657,518	4,712,766	3,892,851

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

10. FINANCIAL RISK MANAGEMENT

10.1 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.

These condensed interim financial statements does not include all financial risk management information and disclosures as required in the annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2021.

10.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Compared to the year end June 30, 2021, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

11. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these condensed interim 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 following three levels:

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

for the 1st Quarter Ended September 30, 2021

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives 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 included in level 3. This is the case for unlisted equity securities.

The Company's policy is to recognise 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 since the year end. Further, there was no transfer in and out of level 3 measurements.

11.1 Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices for listed securities and discounted cash flow method for most of the unlisted securities.

The management updates the assessment of the fair value of non-financial assets, 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 is current prices in an active market for similar properties.

12. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on October 29, 2021.

13. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

for the 1st Quarter Ended September 30, 2021

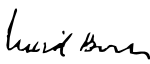
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

14. GENERAL

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



Muhammad Anwar
Chief Executive Officer



Khalid Bashir
Director



Asim Siddique
Chief Financial Officer

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