



| The Crescent Textile Mills Limited

3rd QUARTER  
MARCH 31

| 2021



# CONTENTS

Company Information	3
Directors' Report	4
Directors' Report (Urdu)	5
Condensed Interim Statement of Financial Position	6
Condensed Interim Statement of Profit or Loss	7
Condensed Interim Statement of Comprehensive Income	8
Condensed Interim Statement of Changes in Equity	9
Condensed Interim Statement of Cash Flows	10
Selected Notes to the Condensed Interim Financial Statements	11

# COMPANY INFORMATION

## Board of Directors

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

Mr. Naseer Ahmad Chaudhary
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## Mills & Registered Office

Sargodha Road, Faisalabad, Pakistan T: + 92-41-111-105-105 F: + 92-41-8786525 E: crestex@ctm.com.pk
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## Head of Internal Audit

Syed Farhan Safdar
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## Auditors

Riaz Ahmed and Company Chartered Accountants
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## Legal Advisor

Syed Masroor Ahmad
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## 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
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The Company's shares are quoted in leading dailies under textile composite sector.	T: +92-42-35170336-37 F: +92-42-35170338 E: info@corptec.com.pk
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[www.crescenttextile.com](http://www.crescenttextile.com)

# DIRECTORS' REPORT

for the Nine Months Ended March 31, 2021

The Board of Directors is pleased to present a brief review of the operational and financial performance of the Company for the nine months period ended March 31, 2021.

## Industry overview

As economies around the globe have remained under intense pressure owing to the pandemic, the Pakistani economy is showing encouraging signs of recovery. Pakistan's overall exports increased by 7 percent to \$18.688 billion in the nine months period of the current fiscal year. Meanwhile, the country's imports recorded increase of 13.59 percent and swelled to \$39.519 billion. The country's trade deficit was recorded at \$20.831 billion during the reported period as compared to \$17.348 billion in the corresponding period. Textile exports increased by 9 percent to \$11.4 billion from \$10.4 billion in reported period. Bed wear exports increased by 16.5 percent in value and 1.43 percent in quantity.

## Company's performance

Brief financial analysis of the Company for the nine months period is presented here under:

Rupees in million	31 March, 2021	31 March, 2020	Variance	%
Revenue	13,271	10,608	2,663	25
Gross Profit	1,863	1,374	489	36
Operating cost	993	836	157	19
Finance cost	342	368	(26)	(7)
Other income	97	95	2	2
Taxation	223	137	86	63
Net profit after tax	402	128	275	215
Earning Rs. per share	5.03	1.60	3.43	215

The Company, despite many operational challenges has been able to post marvelous improvement in profitability through persistent and diligent efforts. During the nine months period your Company earned a gross profit of Rs. 1,863 million on sales of Rs. 13,271 million compared to gross profit of Rs. 1,374 million on sales of Rs. 10,608 million for the corresponding period of previous financial year. During the period under review, your Company recorded a net profit of Rs. 402 million (EPS: Rs. 5.03 per share), compared to net profit of Rs. 128 million (EPS: Rs. 1.6 per share) in the corresponding period. Sales have increased by 25 percent whereas gross profit margin has increased by 36 percent. The Company was able to reap benefits of higher profit margins mainly due to increased sale volume. Export sale increased by 29 percent and domestic sale increased by 19 percent. There was an increase in the operating expenses by Rs. 157 million. This increase was caused by selling and distribution expenses due increase in export volume and exchange loss on foreign currency debtors due PKR appreciation during the period. Finance cost decreased by Rs 26 million due utilization of cheaper borrowing mix. Tax provision increased due increase in turnover tax and deferred tax expense due increase in profitability. The future prospects of Company are encouraging due full capacity utilization in all business segments and the Management's efforts in increasing the Company's market share.

## 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. We also thank our shareholders for their confidence in our Company and assure them that we are committed to do our best to ensure best rewards for their investment in the Company.

For and on behalf of the Board of Directors

  
Muhammad Anwar  
Chief Executive Officer

  
Khalid Bashir  
Director

## ڈائریکٹرز کی رپورٹ

برائے نوامی پختہ 31 مارچ 2021ء

ڈائریکٹرز 31 مارچ 2021ء کو پختہ نوامی کے لیے کمپنی کی عملی اور مالیاتی کارکردگی پر اپنا مختصر جائزہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

انٹرسٹی کا جائزہ:

جیسا کہ وہابی امراض کی وجہ سے پوری دنیا کی معیشتیں شدید دباؤ میں رہی ہیں، پاکستانی معیشت بحالی کے حوصلہ افزا آچار باہر کر رہی ہے۔ رواں مالی سال کے نو ماہ کے عرصہ میں پاکستان کی مجموعی برآمدات 7 فیصد اضافے کے ساتھ 18,688 ملین ڈالر ہو گئی ہیں۔ دریں اثنا، ملکی درآمدات میں 13.59 فیصد اضافہ ریکارڈ کیا گیا اور یہ 39,519 ملین ڈالر ہو گئی۔ اس مدت کے دوران ملک کا تجارتی خسارہ 20,831 ملین ڈالر ریکارڈ کیا گیا جبکہ گزشتہ سال کے اسی عرصہ میں یہ 17,348 ملین ڈالر تھا۔ ٹیکسٹائل کی برآمدات 9 فیصد اضافے کے ساتھ 10.4 ملین ڈالر سے بڑھ کر 11.4 ملین ڈالر ہو گئیں۔ بیڈ ویئر کی برآمدات میں مالیات کے حساب سے 16.5 فیصد اور مقدار کے حساب سے 1.43 فیصد اضافہ ہوا۔

کمپنی کی کارکردگی:

نو ماہ کی مدت کے لیے کمپنی کی مالیاتی نتائج کا خلاصہ درج ذیل ہے:

فرق فیصد	فرق	31 مارچ 2020ء	31 مارچ 2021ء	ملین روپے
25	2,663	10,608	13,271	آمدن
36	489	1,374	1,863	مجموعی نفع
19	157	836	993	عملی اخراجات
(7)	(26)	368	342	مالیاتی اخراجات
2	2	95	97	دیگر آمدنی
63	86	137	223	محصولات
215	275	128	402	نفع بعد از محصولات
215	3.43	1.60	5.03	منافع فی حصص

کمپنی کی عملی چیلنجوں کے باوجود مستقل اور مستعد کوششوں کے ذریعے منافع میں شاندار بہتری لانے میں کامیاب رہی ہے۔ آپ کی کمپنی نے پچھلے مالی سال کے اسی عرصہ کی مجموعی فروخت 10,608 ملین روپے پر 13,271 ملین روپے کی مجموعی منافع کے مقابلہ میں موجودہ مالی سال کے ابتدائی نو ماہ میں 13,271 ملین روپے کی فروخت پر 1,863 ملین روپے کی مجموعی منافع کمایا۔ زبردانہ مدت کے دوران آپ کی کمپنی نے گزشتہ سال کی اسی مدت کے 128 ملین روپے کے خالص منافع (فی حصص آمدنی 1.60 روپے) کے مقابلہ میں 402 ملین روپے (فی حصص آمدنی 5.03 روپے) کا خالص منافع ریکارڈ کیا۔ فروخت میں 25 فیصد اضافہ ہوا ہے جبکہ مجموعی منافع کا مارجن 36 فیصد تک بڑھ گیا ہے۔ کمپنی فروخت کے حجم میں اضافے کی وجہ سے زیادہ منافع کے فوائد حاصل کرنے میں کامیاب رہی۔ برآمدی فروخت میں 29 فیصد اور مقامی فروخت میں 19 فیصد اضافہ ہوا ہے۔ عملی اخراجات میں 157 ملین روپے کا اضافہ ہوا۔ یہ اضافہ برآمدی حجم میں اضافے اور اس مدت کے دوران پاکستانی روپے کی قدر میں اضافے کے باعث غیر ملکی کرنسی کے قرض دہندگان پر تبادلے کے نقصان کی وجہ سے فروخت اور تقسیم کے اخراجات میں اضافے کی وجہ سے ہوا۔ سستے طے جلتے قرض کے استعمال سے مالیاتی لاگت میں 26 ملین روپے کی واقع ہوئی۔ ٹرن اوورنگس میں اضافے اور منافع میں اضافے کی وجہ سے موثرنگس اخراجات کی وجہ سے ٹیکس فراہمی میں اضافہ ہوا۔ تمام کاروباری شعبہ جات میں صلاحیتوں کے مکمل استعمال اور کمپنی کا مارکیٹ شیئر بڑھانے کے لیے انتظامیہ کی کوششوں کی وجہ سے کمپنی کے مستقبل کے امکانات حوصلہ افزا ہیں۔

اعتراف خدمات:

پورے 15 ماہ کے تمام تر کامیابیوں کے کارہاں، بینکوں، انتظامیہ اور ٹیکسٹائل خلاف کوآرڈینیشن، الفاظ میں خراج تحسین پیش کرتا ہے جو اپنے کام کے لیے پرعزم ہیں کیونکہ آپ کی کمپنی کی کامیابی ان کی کوششوں کی مرہون منت ہے۔ ہم اپنی کمپنی پر اعتماد کرنے کے لیے اپنے حصص یافتگان کا شکریہ ادا کرتے ہیں اور انہیں یقین دلاتے ہیں کہ کمپنی میں ان کی سرمایہ کاری کے لیے بہترین سلسلے یقینی بنانے کے لیے اپنی پوری کوشش کرنے کے لیے پرعزم ہیں۔

منجانب: پورڈ آف ڈائریکٹرز



خالد خان  
ڈائریکٹر



محمد انور  
چیف ایگزیکٹو آفیسر

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at March 31, 2021

(Rupees in '000)	Note	Un-Audited March 31, 2021	Audited June 30, 2020
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 100 000 000 (30 June 2020: 100 000 000) ordinary shares of Rupees 10 each		1,000,000	1,000,000
Issued, subscribed and paid up share capital		800,000	800,000
Capital reserves			
Premium on issue of right shares		200,169	200,169
Fair value reserve		842,270	673,438
Surplus on revaluation of operating fixed assets - net of deferred income tax		4,160,789	4,160,766
Revenue reserves		3,208,783	2,805,331
<b>TOTAL EQUITY</b>		<b>9,212,011</b>	<b>8,639,704</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	3	1,048,715	1,120,213
Deferred liabilities		113,594	-
		1,162,309	1,120,213
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,151,634	2,482,544
Unclaimed dividend		11,109	11,232
Accrued mark-up		77,581	100,604
Short term borrowings		6,483,404	6,239,650
Current portion of long term financing	3	468,028	34,727
Current portion of deferred liabilities		365,450	-
Provision for taxation		156,644	166,194
		9,713,850	9,034,951
<b>TOTAL LIABILITIES</b>		<b>10,876,159</b>	<b>10,155,164</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	4	<b>20,088,170</b>	<b>18,794,868</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	7,389,605	7,401,664
Intangible assets		15,377	20,180
Long term investments		3,720,359	3,693,231
Long term loans and advances		167	310
Long term deposits and prepayments		9,176	28,737
Deferred income tax asset		15,765	109,643
		11,150,449	11,253,765
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		251,980	233,516
Stock-in-trade		3,961,789	3,186,554
Trade debts		2,826,573	2,419,493
Loans and advances		723,303	800,033
Short term deposits and prepayments		123,760	84,145
Accrued interest		3,693	5,651
Other receivables		391,166	295,830
Short term investments		639,384	476,896
Cash and bank balances		16,073	38,985
		8,937,721	7,541,103
<b>TOTAL ASSETS</b>		<b>20,088,170</b>	<b>18,794,868</b>

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 Nine Months Ended March 31, 2021

(Rupees in '000)	Note	Nine months ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Revenue		13,271,195	10,607,814	4,741,082	3,623,353
Cost of sales	6	(11,407,939)	(9,234,005)	(3,999,437)	(3,181,558)
Gross profit		1,863,256	1,373,809	741,645	441,795
Distribution cost		(536,782)	(430,763)	(184,233)	(155,076)
Administrative expenses		(330,649)	(294,429)	(116,835)	(103,051)
Other expenses		(125,367)	(110,735)	(68,721)	(85,819)
		(992,798)	(835,927)	(369,789)	(343,946)
		870,458	537,882	371,856	97,849
Other income		96,994	95,338	21,684	23,168
Profit from operations		967,452	633,220	393,540	121,017
Finance cost		(342,216)	(368,398)	(122,289)	(125,516)
Profit / (loss) before taxation		625,236	264,822	271,251	(4,499)
Taxation		(222,759)	(136,941)	(88,756)	(37,904)
Profit / (loss) after taxation		402,477	127,881	182,495	(42,403)
Earnings / (loss) per share - basic and diluted (rupees)		5.03	1.60	2.28	(0.53)

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 Nine Months Ended March 31, 2021

(Rupees in '000)	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Profit / (loss) after taxation	402,477	127,881	182,495	(42,403)
Other comprehensive income				
Items that will not be reclassified to profit or loss in subsequent periods:				
Surplus arising on remeasurement of investments at fair value through other comprehensive income	190,997	113,887	(231,522)	2,496
Deferred income tax relating to investments at fair value through other comprehensive income	(21,302)	(19,782)	1,588	(1,395)
	169,695	94,105	(229,934)	1,101
Items that may be reclassified to profit or loss in subsequent periods	-	-	-	-
Other comprehensive income / (loss) for the period - net of tax	169,695	94,105	(229,934)	1,101
<b>Total comprehensive income / (loss) for the period</b>	<b>572,172</b>	<b>221,986</b>	<b>(47,439)</b>	<b>(41,302)</b>

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 Nine Months Ended March 31, 2021

(Rupees in '000)	Share Capital	Reserves							Total Equity	
		Capital Reserves			Sub total	Revenue Reserves				Total
		Premium on issue of right shares	Fair value reserve of investments at FVTOC	Surplus on revaluation of operating fixed assets - net of deferred income tax		General	Unappropriated profit	Sub total		
Balance as at 30 June 2019 - (Audited)	800,000	200,169	523,811	3,567,457	4,291,437	1,803,643	1,011,655	2,815,298	7,106,735	7,906,735
Transaction with owners - Final dividend for the year ended 30 June 2019 at the rate of Rupees 0.60 per share	-	-	-	-	-	-	(48,000)	(48,000)	(48,000)	(48,000)
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	(28)	(28)	-	28	28	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	(10)	(10)	-	10	10	-	-
Gain realized on disposal of equity investment at fair value through other comprehensive income	-	-	(4,275)	-	(4,275)	-	4,275	4,275	-	-
Profit for the period	-	-	-	-	-	-	127,881	127,881	127,881	127,881
Other comprehensive income for the period	-	-	98,380	-	98,380	-	-	-	98,380	98,380
Total comprehensive income for the period	-	-	98,380	-	98,380	-	127,881	127,881	226,261	226,261
Balance as at 31 March 2020 - (Un-audited)	800,000	200,169	617,916	3,567,419	4,385,504	1,803,643	1,095,849	2,899,492	7,284,996	8,084,996
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	(11)	(11)	-	11	11	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	10	10	-	(10)	(10)	-	-
Gain realized on disposal of equity investment at fair value through other comprehensive income	-	-	(120)	-	(120)	-	120	120	-	-
Loss for the period	-	-	-	-	-	-	(94,282)	(94,282)	(94,282)	(94,282)
Other comprehensive income for the period	-	-	55,642	593,348	648,990	-	-	-	648,990	648,990
Total comprehensive income for the period	-	-	55,642	593,348	648,990	-	(94,282)	(94,282)	554,708	554,708
Balance as at 30 June 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	-	-	-	(112)	(112)	-	112	112	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	135	135	-	-	-	135	135
Gain realized on disposal of equity investment at fair value through other comprehensive income	-	-	(863)	-	(863)	-	863	863	-	-
Profit for the period	-	-	-	-	-	-	402,477	402,477	402,477	402,477
Other comprehensive income for the period	-	-	169,695	-	169,695	-	-	-	169,695	169,695
Total comprehensive income for the period	-	-	169,695	-	169,695	-	402,477	402,477	572,172	572,172
Balance as at 31 March 2021 - (Un-audited)	800,000	200,169	842,270	4,160,789	5,203,228	1,803,643	1,405,140	3,208,783	8,412,011	9,212,011

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 CASH FLOWS (UN-AUDITED)

for the Nine Months Ended March 31, 2021

(Rupees in '000)	Note	(Nine months ended)	
		March 31, 2021	March 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	7	9,906	89,754
Finance cost paid		(345,675)	(379,730)
Income tax paid		(89,969)	(132,578)
Dividend paid		(123)	(46,185)
Net decrease in long term loans and advances		762	446
Net decrease in long term deposits and prepayments		19,561	567
Net cash used in from operating activities		(405,538)	(467,726)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant, equipment and intangible assets		(238,588)	(283,714)
Proceeds from sale of property, plant and equipment		375	12,470
Proceeds from sale of investment		1,382	7,311
Dividend received		-	853
Net cash used in investing activities		(236,831)	(263,080)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		414,686	-
Repayment of long term financing		(38,983)	(218,412)
Short term borrowings - net		243,754	953,772
Net cash from financing activities		619,457	735,360
Net (decrease) / increase in cash and cash equivalents		(22,912)	4,554
Cash and cash equivalents at the beginning of the period		38,985	4,468
Cash and cash equivalents at the end of the period		16,073	9,022

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 Nine Months Ended March 31, 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 Chak No. 66 J.B., Dhandra Road, Airport Chowk, Jhang Road, Faisalabad, 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 condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, 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 required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

#### b) Accounting policies

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended 30 June 2020 except as disclosed in Note 2.3.

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

for the Nine Months Ended March 31, 2021

### 2.2 Critical accounting estimates, judgments and financial risk management

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 audited annual financial statements of the Company for the year ended 30 June 2020.

### 2.3 Government grants

The benefit of lower interest rate than market rate on borrowings obtained under State Bank of Pakistan (SBP) refinance scheme for payment of salaries and wages to the employees and workers of the Company, is accounted for as a government grant which is the difference between loan received and the fair value of the loan. The differential amount is recognized and presented as deferred government grant.

In subsequent periods, the grant shall be amortized over the period of loan and amortization shall be recognized in the profit or loss.

(Rupees in '000)	Un-Audited March 31, 2021	Audited June 30, 2020
<b>3. LONG TERM FINANCING</b>		
Financing from banking companies - secured		
Opening balance	1,154,940	1,395,071
Add: Obtained during the period / year	414,686	-
	1,569,626	1,395,071
Less:		
Repaid during the period / year	38,983	240,131
Deferred income - Government grant (Note 3.1)	13,900	-
	52,883	240,131
	1,516,743	1,154,940
Less: Current portion shown under current liabilities		
	468,028	34,727
	1,048,715	1,120,213

- 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.

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

for the Nine Months Ended March 31, 2021

### 4. CONTINGENCIES AND COMMITMENTS

#### a) Contingencies

- i) Guarantees of Rupees 245.736 million (30 June 2020: Rupees 245.736 million) are given by the banks of the Company to Collector of Customs against import of certain items, Sui Northern Gas Pipelines Limited against gas connections and Faisalabad Electric Supply Company Limited against electricity connections.
- ii) Guarantee of Rupees 2.000 million (30 June 2020: Rupees 2.000 million) is given by the bank of the Company to Total Parco Pakistan Limited against fuel cards.
- iii) Post dated cheques of Rupees 451.046 million (30 June 2020: Rupees 342.800 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.
- iv) 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 (30 June 2020: 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.

#### b) Commitments

- i) Contracts for capital expenditure are of Rupees 300.694 million (30 June 2020: Rupees 384.177 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 886.497 million (30 June 2020: Rupees 447.143 million).
- iii) Ijarah commitments are of Rupees 15.211 million (30 June 2020: Rupees 38.023 million).

(Rupees in '000)	Un-Audited March 31, 2021	Audited June 30, 2020
5		
PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 5.1)	7,229,160	7,328,499
Capital work-in-progress (Note 5.2)	160,445	73,165
	7,389,605	7,401,664

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

for the Nine Months Ended March 31, 2021

(Rupees in '000)	Un-Audited March 31, 2021	Audited June 30, 2020
<b>5.1 Operating fixed assets</b>		
Opening book value	7,328,499	6,618,899
Add:		
Cost of additions during the period / year (Note 5.1.1)	150,379	449,837
Effect of surplus on revaluation	-	594,381
	150,379	1,044,218
	7,478,878	7,663,117
Less: Book value of deletions during the period / year (Note 5.1.2)	1,262	7,934
	7,477,616	7,655,183
Less: Depreciation charged during the period / year	248,456	326,684
	7,229,160	7,328,499
<b>5.1.1 Cost of additions during the period / year</b>		
Land-Freehold	-	99,783
Buildings on freehold land	-	89,268
Plant and machinery	129,397	213,804
Factory tools and equipment	2,171	2,434
Gas and electric installations	1,053	224
Vehicles	12,187	40,807
Office equipment	5,571	3,517
	150,379	449,837
<b>5.1.2 Book value of deletions during the period / year</b>		
Buildings on freehold land	-	26
Plant and machinery	1,245	3,796
Vehicles	-	4,112
Office equipment	17	-
	1,262	7,934
<b>5.2 Capital work-in-progress</b>		
Buildings on freehold land	22,992	22,992
Plant and machinery	27,089	-
Advance against purchase of vehicles	13,426	-
Advance against purchase of land	96,938	49,911
Advance against gas and electric installations	-	262
	160,445	73,165

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

for the Nine Months Ended March 31, 2021

(Rupees in '000)	Un-Audited			
	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>6. COST OF SALES</b>				
Raw materials consumed	3,790,298	3,772,725	1,263,257	1,163,655
Cloth and yarn purchased	2,723,289	1,531,105	1,010,806	655,565
Stores, spare parts and loose tools consumed	964,310	767,535	322,977	274,165
Packing materials consumed	746,758	545,369	263,515	191,074
Processing and weaving charges	803,914	541,001	300,188	209,318
Salaries, wages and other benefits	971,116	893,148	333,908	290,699
Fuel and power	1,139,777	1,136,120	378,408	355,782
Repair and maintenance	36,630	38,861	13,317	13,247
Insurance	8,598	10,113	2,645	3,704
Depreciation	229,171	225,987	77,305	76,086
Other factory overheads	54,009	47,151	17,817	16,040
	11,467,870	9,509,115	3,984,143	3,249,335
Work-in-process				
Opening stock	227,357	142,034	213,166	197,728
Closing stock	(216,917)	(237,795)	(216,917)	(237,795)
	10,440	(95,761)	(3,751)	(40,067)
Cost of goods manufactured	11,478,310	9,413,354	3,980,392	3,209,268
Finished goods				
Opening stock	2,082,927	1,567,562	2,172,343	1,719,201
Closing stock	(2,153,298)	(1,746,911)	(2,153,298)	(1,746,911)
	(70,371)	(179,349)	19,045	(27,710)
	11,407,939	9,234,005	3,999,437	3,181,558



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

for the Nine Months Ended March 31, 2021

(Rupees in '000)	Un-Audited Nine months ended	
	March 31, 2021	March 31, 2020
<b>7. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	625,236	264,822
Adjustments for non-cash charges and other items:		
Depreciation	248,456	242,085
Amortization	5,732	5,639
Provision for workers' profit participation fund	25,799	7,940
Provision for workers' welfare fund	-	5,496
Loss / (gain) on sale of property, plant and equipment	887	(4,557)
Reversal of allowance for expected credit loss	(846)	-
Gain on remeasurement of deferred liability	(38,032)	-
De-recognition of accrued interest on debt instruments	-	1,143
Dividend income	-	(25,553)
Finance cost	342,216	368,398
Working capital changes (Note 7.1)	(1,199,542)	(775,659)
	9,906	89,754
<b>7.1 Working capital changes</b>		
(Increase) / decrease in current assets:	(18,464)	(8,044)
Stores, spare parts and loose tools	(775,235)	(833,785)
Stock-in-trade	(406,234)	(450,144)
Trade debts	6,482	(7,777)
Loans and advances	(39,615)	(5,913)
Short term deposits and prepayments	1,958	(1,353)
Accrued interest	(95,336)	(14,616)
Other receivables	(1,326,444)	(1,321,632)
Increase in trade and other payables	126,902	545,973
	(1,199,542)	(775,659)
<b>8. TRANSACTIONS WITH RELATED PARTIES</b>		

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:

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

for the Nine Months Ended March 31, 2021

(Rupees in '000)	Un-Audited			
	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
i) Transactions				
Associated companies				
Purchase of goods	26,827	54,553	2,193	5,084
Provision of services	547	604	180	180
Insurance premium charged	15,440	15,344	4,765	4,717
Dividend income	-	853	-	-
Dividend paid	-	1,446	-	-
Other related parties				
Company's contribution to Employees' Provident Fund Trust	25,270	20,520	8,943	6,785
Dividend paid to Employees' Provident Fund Trust	-	2,927	-	-
Remuneration paid to Chief Executive Officer, directors and executives	166,914	169,882	54,997	53,231
Dividend paid to Chief Executive Officer, directors, executives and other related parties	-	5,014	-	-
(Rupees in '000)			Un-Audited March 31, 2021	Audited June 30, 2020
ii) Period end balances				
Associated companies				
Trade and other payables			7,845	23,030
Other receivables			301	617
Other related parties				
Trade and other payables			6,971	6,152

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

for the Nine Months Ended March 31, 2021

## 9. SEGMENT INFORMATION

(Rupees in '000)	Spinning	
	(Un-audited)	
	Nine months ended	
	March 31,2021	March 31,2020
Revenue		
External	4,669,985	3,819,271
Intersegment	1,959,297	1,926,347
	6,629,282	5,745,618
Cost of sales	(5,764,564)	(5,403,198)
Gross profit	864,718	342,420
Distribution cost	(47,704)	(44,685)
Administrative expenses	(95,485)	(85,120)
	(143,189)	(129,805)
Profit before taxation and unallocated income and expenses	721,529	212,615
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)
	March 31,2021	June 30,2020
Total assets for reportable segments	3,539,742	3,267,675
Unallocated assets		
Total assets as per condensed interim 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	3,768,572	3,619,918
Unallocated liabilities		
Total liabilities as per condensed interim 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 Nine Months Ended March 31, 2021

Weaving		Processing & Home Textile		Power Generation		Elimination of Inter - Segment transactions		Total - Company	
(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended	
March 31,2021	March 31,2020	March 31,2021	March 31,2020	March 31,2021	March 31,2020	March 31,2021	March 31,2020	March 31,2021	March 31,2020
197,072	289,877	8,404,138	6,498,666	-	-	-	-	13,271,195	10,607,814
6,303,945	4,694,432	-	-	891,065	941,310	(9,154,307)	(7,562,089)	-	-
6,501,017	4,984,309	8,404,138	6,498,666	891,065	941,310	(9,154,307)	(7,562,089)	13,271,195	10,607,814
(6,372,055)	(4,905,829)	(7,558,094)	(5,566,551)	(867,533)	(920,516)	9,154,307	7,562,089	(11,407,939)	(9,234,005)
128,962	78,480	846,044	932,115	23,532	20,794	-	-	1,863,256	1,373,809
(9,579)	(10,848)	(476,339)	(371,409)	(3,160)	(3,821)	-	-	(536,782)	(430,763)
(29,789)	(26,560)	(188,601)	(167,795)	(16,774)	(14,954)	-	-	(330,649)	(294,429)
(39,368)	(37,408)	(664,940)	(539,204)	(19,934)	(18,775)	-	-	(867,431)	(725,192)
89,594	41,072	181,104	392,911	3,598	2,019	-	-	995,825	648,617
								(125,367)	(110,735)
								96,994	95,338
								(342,216)	(368,398)
								(222,759)	(136,941)
								402,477	127,881

Weaving		Processing & Home Textile		Power Generation		Total - Company	
(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
March 31,2021	June 30,2020	March 31,2021	June 30,2020	March 31,2021	June 30,2020	March 31,2021	June 30,2020
1,590,003	1,423,516	4,138,799	3,480,550	366,987	390,496	9,635,531	8,562,237
						10,452,639	10,232,631
						20,088,170	18,794,868
622,579	859,304	3,611,292	2,957,133	75,285	58,839	8,077,728	7,495,194
						2,798,431	2,659,970
						10,876,159	10,155,164

and current tax liabilities.

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

for the Nine Months Ended March 31, 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	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	Nine months ended		Nine months ended		Nine months ended		Nine months ended	
	March 31,2021	March 31,2020	March 31,2021	March 31,2020	March 31,2021	March 31,2020	March 31,2021	March 31,2020
America	-	-	-	-	699,575	427,571	699,575	427,571
Asia, Africa and Australia	-	-	-	-	574,952	702,760	574,952	702,760
Europe	-	-	38,150	60,030	7,009,145	5,241,018	7,047,295	5,301,048
Pakistan	4,669,985	3,819,271	158,922	229,847	120,466	127,317	4,949,373	4,176,435
	4,669,985	3,819,271	197,072	289,877	8,404,138	6,498,666	13,271,195	10,607,814

### 10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### i) Fair value hierarchy

Judgements 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. An explanation of each level follows underneath the table:

(Rupees in '000)	Level 1	Level 2	Level 3	Total
Financial assets - recurring fair value measurement				
At 31 March 2021 - (Un-audited)				
At fair value through other comprehensive income	1,118,633	-	3,241,110	4,359,743
	1,118,633	-	3,241,110	4,359,743
At 30 June 2020				
At fair value through other comprehensive income	1,007,278	-	3,162,849	4,170,127
	1,007,278	-	3,162,849	4,170,127

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.

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

for the Nine Months Ended March 31, 2021

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

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

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the 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 maximise 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 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.

### iii) Fair value measurements using significant unobservable inputs (level 3)

Following table presents the changes in level 3 items for the period ended 31 March 2021:

(Rupees in '000)	Unlisted equity securities
Balance as on 30 June 2019 - Audited	2,245,709
Add: Surplus recognized in other comprehensive income	71,578
Balance as on 31 March 2020 - Unaudited	2,317,287
Less:	
Preference shares converted into non-voting ordinary shares	1,976,000
Deficit recognized in other comprehensive income	43,638
Add:	
Non-voting ordinary shares converted from preference shares	1,976,000
Dividend converted into non-voting ordinary shares	889,200
Balance as on 30 June 2020 - Audited	3,162,849
Add: Surplus recognized in other comprehensive income	78,261
Balance as on 31 March 2021 - Unaudited	3,241,110

### iv) Valuation inputs and relationships to fair value

Following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of unquoted investments in Crescent Bahuman Limited.

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

for the Nine Months Ended March 31, 2021

Description (Rupees in '000')	Fair value at		Unobservable inputs	Range of inputs (probability weighted average) 31 March 2021	Relationship of unobservable inputs to fair value
	Un-audited 31 March 2021	Audited 30 June 2020			
At fair value through other comprehensive income					
Crescent Bahuman Limited	3,241,036	3,162,675	Revenue growth factor	6.29%	Increase / decrease in revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 1,015.669 million / - 793.257 million.
			Risk adjusted discount rate	10.50%	

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

## 11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2020.

## 12. EVENT AFTER THE REPORTING PERIOD

The Board of Directors in their meeting held on April 29, 2021 has approved to issue 25% right shares at the rate of Rupees 20 per share (inclusive of premium of Rupees 10 per share) of the existing paid-up capital of the Company. However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these condensed interim financial statements.

## 13. DATE OF AUTHORIZATION FOR ISSUE

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

## 14. 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.

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

## 15. 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

**Mills & Registered Office**

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