

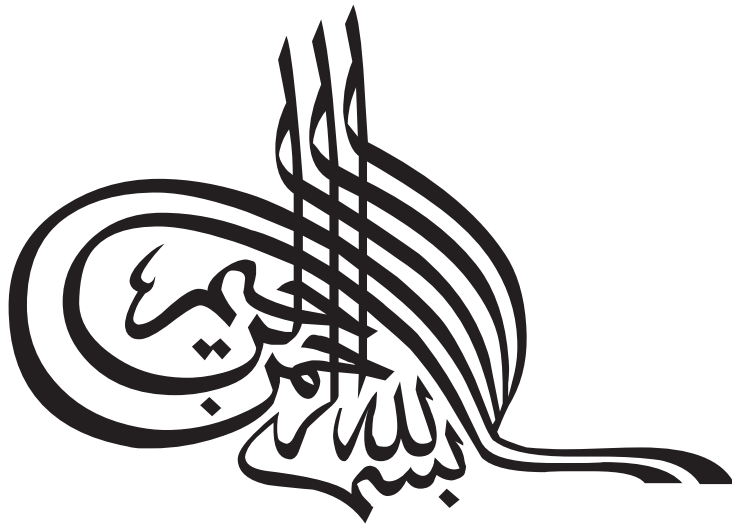
ANNUAL  
REPORT

2019



**crestex**

| The Crescent Textile Mills Limited





# CONTENTS

Company Information	4
Vision and Core Values	5
Management Structure / Organization Chart	6
Jama Punji	7
Chairman's Review	8
Directors' Report	9
Directors' Report (Urdu)	16
Statement of Value Addition	25
Performance Indicators	26
Key Operating and Financial Data	28
Vertical Analysis	30
Horizontal Analysis	31
Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017	32
Independent Auditors Review Report to the Members on Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017	35
Independent Auditors' Report to the Members	36
Statement of Financial Position	42
Statement of Profit or Loss	44
Statement of Comprehensive Income	45
Statement of Changes in Equity	46
Statement of Cash Flows	47
Notes to the Financial Statements	49
Pattern of Shareholding	104
Notice of Annual General Meeting	108
Proxy Form	113

# COMPANY INFORMATION

<b>Board of Directors</b>		<b>Bankers</b>
Mr. Khalid Bashir	Chairman	Al Baraka Bank (Pakistan) Limited
Mr. Muhammad Anwar	Chief Executive Officer	Allied Bank Limited
Mr. Ahmad Shafi	Director	Habib Bank Limited
Mr. Amjad Mehmood	Director	MCB Bank Limited
Mr. Anjum Muhammad Saleem	Director	National Bank of Pakistan
Mr. Shaukat Shafi	Director	Standard Chartered Bank (Pakistan) Limited
Mr. Khurram Mazhar Karim	Director	The Bank of Punjab
Mr. Muhammad Arshad (Nominee NIT)	Independent Director	United Bank Limited
<b>Audit Committee</b>		
Mr. Muhammad Arshad	Chairman	
Mr. Khalid Bashir	Member	
Mr. Anjum Muhammad Saleem	Member	
Mr. Khurram Mazhar Karim	Member	
<b>HR &amp; R Committee</b>		
Mr. Muhammad Arshad	Chairman	
Mr. Khalid Bashir	Member	
Mr. Ahmad Shafi	Member	
Mr. Anjum Muhammad Saleem	Member	
<b>Chief Financial Officer</b>		<b>Mills &amp; Registered Office</b>
Mr. Asim Siddique		Sargodha Road, Faisalabad, Pakistan
<b>Company Secretary</b>		T: + 92-41-111-105-105
Mr. Naseer Ahmad Chaudhary		F: + 92-41-8786525
		E: crestex@ctm.com.pk
<b>Head of Internal Audit</b>		
Mr. Syed Farhan Safdar		
<b>Auditors</b>		
Riaz Ahmed & Company		
Chartered Accountants		
<b>Legal Advisor</b>		<b>Share Registrar</b>
Syed Masroor Ahmad		CorpTec Associates (Pvt) Ltd., 503 - E, Johar Town, Lahore, Pakistan
<b>Stock Exchange Listing</b>		T: +92-42-35170336-37
The Crescent Textile Mills Limited is a listed Company and its shares are traded on Pakistan Stock Exchange.		F: +92-42-35170338
		E: info@corptec.com.pk
The Company's shares are quoted in leading dailies under textile composite sector.		www.crescenttextile.com

# VISION AND CORE VALUES

## VISION

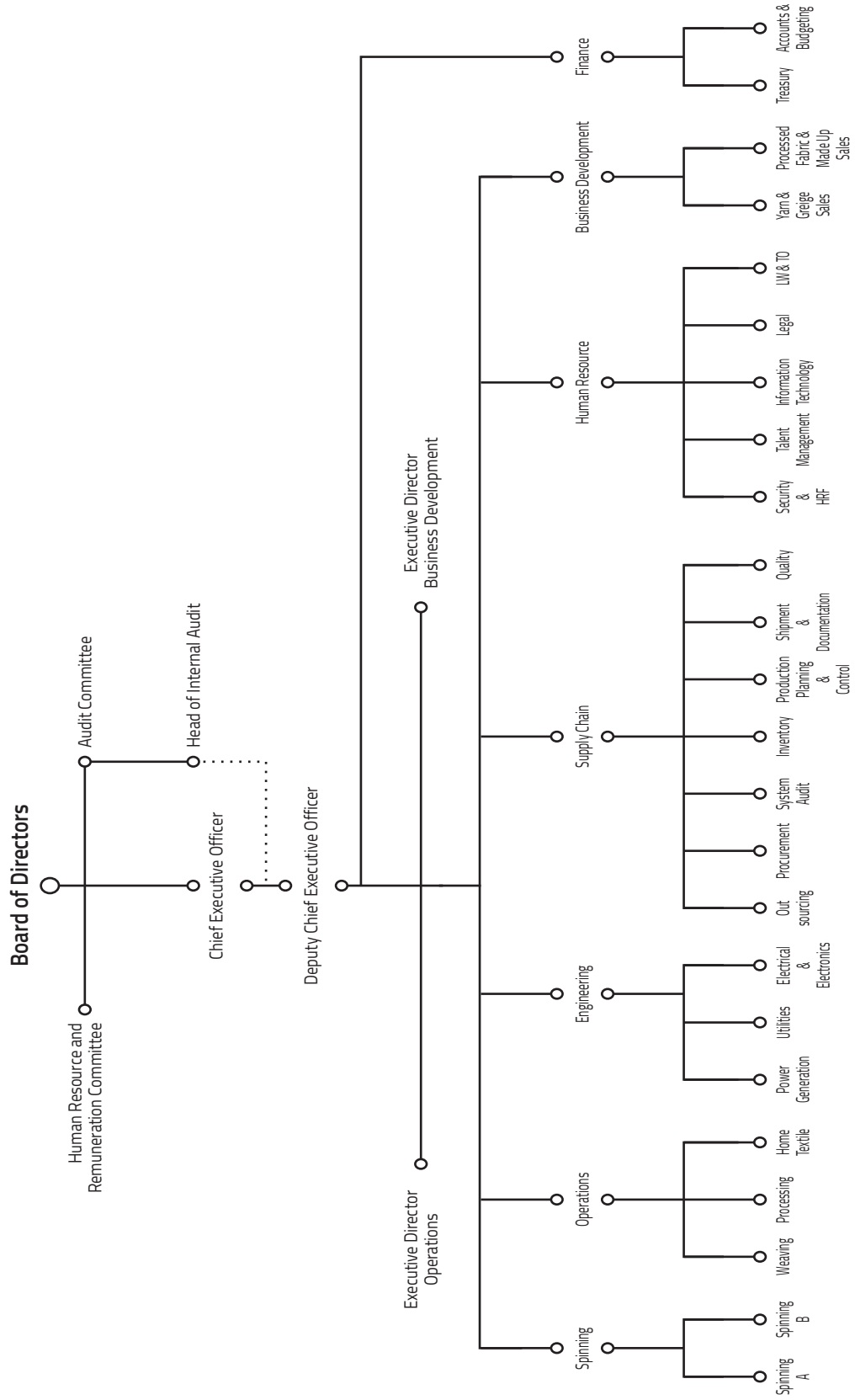
To be the preferred choice of customers through innovative products and solutions and be a leading contributor to the economy by enhancing value for stakeholders.

## CORE VALUES

Our core values are at the heart of our business because they define who we are, how we work, what we believe in a what we stand for. Our core values set out how we act and how we expect to be treated as part of The Crescent Textile Mills Limited.

 <p><b>INTEGRITY</b></p> <ul style="list-style-type: none"> <li>• Walk the Talk</li> <li>• Ownership</li> <li>• Professional Ethics</li> <li>• Personal Integrity</li> </ul>	 <p><b>INNOVATION</b></p> <ul style="list-style-type: none"> <li>• Creative Solutions</li> <li>• Change Agent</li> <li>• Transformational Approach</li> <li>• Challenging the Status Quo</li> </ul>	 <p><b>CUSTOMER CENTRICITY</b></p> <ul style="list-style-type: none"> <li>• Excellence Service</li> <li>• Customer Engagement</li> <li>• Fulfilling Customer Needs</li> <li>• Re-shape Environment</li> </ul>	 <p><b>COMMITMENT</b></p> <ul style="list-style-type: none"> <li>• Fostering the Co. Vision</li> <li>• Empowering Others</li> <li>• Establishing Focus</li> <li>• Achieving Results</li> </ul>	 <p><b>TEAMWORK</b></p> <ul style="list-style-type: none"> <li>• Organizational Growth</li> <li>• Developing Teams</li> <li>• Knowledge Sharing</li> <li>• Self Development</li> </ul>	 <p><b>QUALITY</b></p> <ul style="list-style-type: none"> <li>• Cultivating Excellence</li> <li>• Managing Projects</li> <li>• Improve Results</li> <li>• Meet Expectation</li> </ul>
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





# MANAGEMENT STRUCTURE / ORGANIZATION CHART












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-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event  
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regulatory actions)
-  Jamapunji application for  
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-  Online Quizzes



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\*Mobile apps are also available for download for android and ios devices



# CHAIRMAN'S REVIEW

for the year ended June 30, 2019

It gives me an immense pleasure to present this report to the shareholders of The Crescent Textile 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, 2017, the Board has developed a mechanism for the evaluation of performance of the Board of Directors. During the year a comprehensive questionnaire was circulated among all members of the board for the evaluation of performance of the Board of Directors. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2019, 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.



Khalid Bashir  
Chairman

# DIRECTORS' REPORT

for the year ended June 30, 2019

Directors of your Company are pleased to present the Annual Report along with audited Financial Statements of the Company and Auditors' Report thereon for the year ended June 30, 2019.

## Industry overview

Uncertain economic conditions dominated during the year due to slow world economic growth, uncompleted Brexit and trade dispute between USA and China over tariff policy. Such unpredictable situations created a state of confusion among buyers which negatively affected economic activity. Pakistan's textile exports did not record healthy growth in current financial year. Expected increase in textile exports were not achieved due to increase in cost

of raw materials and slump in the demand of textile products. Rapid fluctuation in local cotton prices created uncertain scenario due to which textile exporters were unable to compete in international market. Decline in local cotton production, which has reduced from its peak of 14-15 million bales per annum to around 10 million bales per annum, was one of the major causes of in-competitiveness of local textile industry. However, Government of Pakistan provided subsidized gas and electricity to export oriented sectors that helped to boost exports by reducing cost of production of five export oriented sectors including textile. Furthermore, during the year, the Pakistani rupee depreciated by around 32% against the US dollar.

## Company's performance

A brief financial analysis is presented as under:

(Rupees in million)	FY 19	FY 18	Variance	%
Revenue	13,946	11,314	2,632	23
GP	1,637	1,100	537	49
Operating cost	1,065	777	288	37
Finance cost	507	638	(131)	(21)
Other income	330	325	5	2
Taxation	157	2	155	7,550
Net Profit after tax	239	8	231	2,888
EPS (Rs. Per share)	2.98	0.11	2.87	2,888

Top line of the Company increased by 23% in comparison to last year. The sales revenue increase was attributable to growth across all business segments. Export sale were increased by 40% in comparison to last year due quantitative increase and rupee devaluation impact. Whereas local sale increased by 5% in comparison to last year due increase in sale rates. Gross profit increased by 49% mainly due significant increase in average selling rates of both local and export sale. Operating cost increased by 37% due significant increase in distribution cost on account of export freight and commission. Finance cost decreased by 21% in comparison to last year despite of the continuous increase in interest rates throughout the year. This decrease was attributed to exchange loss on foreign currency loans in corresponding period. During the year the Company closely monitored and managed the exposure to foreign currency risk and uses various

available mechanisms, such as minimizing the foreign currency loans and resorting to natural hedging. Tax provision increased due increase in turnover tax and export realization in current period and deferred tax credit impact in corresponding period.

Spinning industry faced a number of challenges throughout the year such as high rate of local cotton due to shortfall in local cotton crop and slow world economic growth. In spinning segment better operational performance observed in comparison to last year. Average sale rate improved by 22% from Rs 145/lbs to Rs 176/lbs. On the other side, raw material prices were also increased from last year. Average cotton price increased by 24% and man-made fiber by 32%. Our BMR activities in the Spinning divisions have allowed us to continue to make operating profit despite increasing competition over the

# DIRECTORS' REPORT

for the year ended June 30, 2019

last year. The Company continued to invest in new equipment to allow it to take full advantage of changing market conditions.

Weaving segment operational performance improved due increase in capacity utilization by 4% and increase in average sale rates by 20%. Average yarn purchase rate increased by 11% in comparison to last year. This business segment mainly caters in-house requirement for Processing and Home Textile divisions. Sales revenue increase by 31% mainly on account of increase in sale of value added segment.

Despite fall in global demand of textile products and surge in domestic raw material prices, value added segment operational performance was better than previous year. It was achieved due increase in average selling rate that was increased by 15% in processed fabric export and by 16% in made up export. This increase is mainly attributed to rupee devaluation during the year. However in dollar terms average selling rate decreased by 2% in processed fabric export and by 5% in made up export. Processed fabric and made up production increased by 23% and 35% respectively in comparison to last year. Government's export subsidy package did provide some relief against regional competitors. The Company continued to take advantage of the Government's LTF scheme to expand its capacity in value added segment.

## Financial Statement

As required under regulation 26 of Listed Companies (Code of Corporate Governance) Regulations, 2017 ("CCG Regulations, 2017"), the Chief Executive Officer and the Chief Financial Officer present the financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors, after consideration and approval, authorize the signing of financial statements for issuance and circulation. The financial statements of the Company have been duly audited and approved by the auditors of the Company, Messrs Riaz Ahmad & Co, Chartered Accountants and their report is attached with the financial statements. The auditors have qualified their opinion with respect to cash flows projection of Crescent Bahuman Limited was not endorsed by the investee Company. Management was of the opinion that cash flows projection is based on

reasonable assumptions keeping in view future prospects of export based textile business. No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which these financial statements relates and the date of the Directors' Report.

## Appropriations

The Board of Directors of the company in their meeting held on October 03, 2019 proposed a final cash dividend for the year ended June 30, 2019 of Rs. 0.60 per share (i.e. 6%). The proposed final cash dividend was subject to the approval of the members at the Annual General Meeting to be held on October 28, 2019.

## Auditors

The auditors Messrs Riaz Ahmad & Co., Chartered Accountants, retire and offer themselves for re-appointment for the year 2020. The Audit Committee has recommended their re-appointment which has been endorsed by the Board for shareholders consideration and approval at the forthcoming annual general meeting.

## Related Party Transactions

All the related party transactions are entered on arm's length basis in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2017. There are no materially significant related party transactions made by the Company with Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders.

All related party transactions during the FY 19 were placed before the Board Audit Committee (BAC) and the Board for their review and approval. These transactions were reviewed by the BAC and approved by the Board. All these transactions were in line with the transfer pricing methods and the policy for related parties approved by the Board.

## Composition of Board

In line with the requirements of the CCG Regulations, 2017, the Company encourages representation of independent and non-executive directors, as well as gender diversity on its Board. The current composition of the Board is as follows:

# DIRECTORS' REPORT

for the year ended June 30, 2019

Total number of Directors:

Male directors	8
Female director	Exempted for current term

Composition:

Independent directors	1
Other non-executive directors	4
Executive directors	3

## Changes in the Board and Committees

The following changes had taken place since the previous year's Annual Report:

Mr. Khalid Bashir appointed as chairman of Board in place of Mr. Shaukat Shafi on October 30, 2018.

Mr. Anjum Muhammad Saleem appointed as chairman of Board Audit Committee in place of Mr. Khalid Bashir on October 30, 2018.

Mr. Muhammad Arshad (an independent director) has been appointed as member of Audit Committee and HR&R Committee on June 14, 2019. He was also appointed as chairman of Audit Committee and HR&R Committee in place of Mr. Anjum Muhammad Saleem and Mr. Khalid Bashir respectively.

Detail of number of board and committee meetings held during the year and attendance by each director is as under:

S#	Name	Board of Directors Meeting	Audit Committee Meeting	HR & R Committee Meeting
1	Mr. Ahmad Shafi	4/4		1/1
2	Mr. Amjad Mehmood	3/4		
3	Mr. Anjum Muhammad Saleem	4/4	4/4	1/1
4	Mr. Khalid Bashir	3/4	3/4	1/1
5	Mr. Khurram Mazhar Karim	3/4	3/4	
6	Mr. Muhammad Anwar	3/4		
7	Mr. Muhammad Arshad	4/4		
8	Mr. Shaukat Shafi	3/4		

Leave of absence was granted to directors who could not attend some of the Board and Committee meetings.

## Directors' Remuneration

A formal Director's Remuneration policy approved by the Board is in place. The policy includes transparent procedure for remuneration of directors in accordance with the Companies Act, 2017 and CCG Regulation, 2017.

## Principal Risks and Uncertainties

The Company is exposed to certain inherent risks and uncertainties. However, we consider the following as key risks:

- Significant competition in our product categories
- Adverse movement in foreign exchange rates and commodity prices
- Availability of cheaper energy mix
- Retention of key employees

The Company works with internal and external stakeholders to mitigate these risks and to reduce these to acceptable level.

# DIRECTORS' REPORT

for the year ended June 30, 2019

## Performance Evaluation of Board of Directors

The evaluation of the Board's role of oversight and its effectiveness is a continual process, which is appraised by the Board itself. The core areas of focus are:

- Alignment of corporate goals and objectives with the vision and mission of the Company;
- Strategy formulation and planning for sustainable operation;
- The Board's independence and effectiveness

Individual feedback was obtained and on the basis of that feedback, the average rating of the performance of the Board and role of the Chairman regarding governing the Board was found up to the mark as is evident by the performance of the Company.

## Internal Financial Controls

The directors are aware of their responsibility with respect to internal financial controls. Through discussions with management and auditors (both internal and external), they confirm that adequate controls have been implemented by the Company

## Statement on Corporate and financial Reporting Framework:

- a. Financial statements prepared by Company's management present fairly its state of affairs, results of its operations, cash flows and changes in equity;
- b. Proper books of accounts have been maintained;
- c. Appropriate accounting policies have been consistently applied, except for change in accounting policy as stated in Note 2.10 to the financial statements, in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained;

- e. The Company has sound potentials to continue as going concern;
- f. There has been no material departure from best practices of corporate governance;
- g. Financial data of the last six years is attached;
- h. Pattern of Shareholding is attached;
- i. Outstanding taxes and levies are given in the Notes to the Financial Statements;
- j. The majority of the Board members have the prescribed qualifications and experience required for exemption from training program of Directors pursuant to Regulation 20 of the CCG Regulations, 2017. All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

## Corporate Social Responsibility (CSR)

As responsible corporate citizens we strive to build and enhance value for all stakeholders. That includes maximizing returns for our shareholders, enhancing our products and efficiency for our customers, keeping our people motivated, satisfied, practice our business in a sustainable way to do our part in contributing to society and managing the impact of our operations.

### Education

Under the CSR commitment, the Company has been partnering with The Citizen Foundation (TCF), welfare organization for promotion of education in the rural areas. Company has been funding three Units of primary sections of TCF, already built by the Company in remote area of Faisalabad, during the year we paid annual running expense amounting to Rs. 7.8 million.

### Health and medical care

Company has donated Rs. 2 million to reputable institutions engaged in providing health and medical facilities for poor and needy class of the society. To ensure health and safety at the workplace employees are trained to protect

# DIRECTORS' REPORT

for the year ended June 30, 2019

themselves by occupational safety rules and procedures while performing jobs. Adequate training and awareness about technical jobs are given to all employees in the 'Training Centre' established by the Company. A well equipped firefighting department is looking after immediate fire hazardous.

## Trees plantation

Trees are a gift of nature they are essential for the environment and to combat climate change. Pakistan is the seventh most vulnerable country to climate change. We always remained at the forefront of taking collective action and thinking innovatively to combat climate change. We have planted 18,000 trees which are saving approximately 390 tons of CO<sub>2</sub> per year. By planting trees we are reducing CO<sub>2</sub> emissions and contributing towards a healthy, natural living environment within the premises for all our employees and the society at large.

## Human Resource Development

Training, education and development of its people, is a topic of critical importance to the Company. It is an area where we work continuously with formal trainings, development and growth opportunities, performance appraisal and feedback systems. To attract, retain and bring out the best in its people, the Company arranged multiple leadership trainings for its senior management in Pakistan and abroad. During the year, the Company built a culture of rewarding extraordinary performance through initiating reward & recognition programs such as Employee of the Month Award, to encourage a constructive behavior and develop healthy competition amongst all employees. We encourage participation of a large number of female workforces in the Company's growth and

development. The Company prohibits discrimination and harassment of any kind.

## Industrial relations

Company has a long and established history of keeping its cordial relations at all levels with mutual trust, respect, cooperation and confidence. This ensures and improves ultimate efficiency of the Company. Reasonable opportunities are afforded to the workmen in participating Collective Bargaining Agent (CBA) activities and elect representatives of their choice under free and fair environment.

Every year through a demand notice raised by CBA, Company pays incentive bonus, profit bonus, Hajj expenses of 06 employees, distributes cycle, fan and sewing machines on easy installments. Company has also arranged Fair Price Shop and Canteen facilities for its employees. Company is also maintaining Workers Welfare Fund for needy employees.

## Environment protection

Crestex aims to conserve water, energy and ecosystems; to reduce greenhouse gas emissions; to minimize waste and to inspire public consciousness in support of environmental sustainability. The Company seeks to identify, measure and understand the direct and indirect impact of its operations and develop innovative and realistic solutions for mitigating those impacts.

Business and operations of the Company are certified for compliance of international standards and regulatory requirements from national and international stakeholders. We have achieved third party certifications through the accredited agencies for following product, services, and management systems standards:

# DIRECTORS' REPORT

for the year ended June 30, 2019

ISO 9001:2015	Quality Management Systems
ISO 14001:2015	Environment Management Systems
OCS: 2.0	Product Standards, Organic Content Standard
GOTS: 5.0	Product Standards, Global Organic Textile Standard
Oeko-Tex 100	Product Standards for Yarn, Human Ecology
Oeko-Tex 100	Product Standards for Fabric, Human Ecology
Oeko-Tex 100	Product Standards for Home Textiles, Human Ecology
SA 8000: 2014	Social Accountability
SEDEX	Audit Data Bank for sharing with Customers
SMETA/ETI	Code Ethical Trading Initiative
Ecolabelling (SWAN)	Environmental, Health and Quality requirements
Egyptian Cotton Trade Mark	
Supima Cotton Trade Mark	
USA Cotton Trade Mark	

## Energy conservation

A focus on energy conservation, waste reduction, water conservation and National Environmental Quality Standards (NEQS) compliance through implementation of sustainability plans continued this year as well.

Company is operating Effluent treatment plant for processing plant. This plant recycles water and reduces the effluent load in drainage system. Wet scrubbers, effective air pollution control devices, are installed at our Coal Steam Boiler for removing particles and gases from industrial exhaust streams. This results in decontamination, detoxification, and dust removal for the benefit of our environment. Company is also operating caustic recovery plant at our dyeing unit. This plant recovers chemicals and provides cost savings through recycling process. It also reduces hazardous materials in drained water. Conventional tube lights are being replaced with LED lights for the sake of energy conservation, lower maintenance costs, longer life, high durability and reduced carbon footprint. Continuous efforts have been made throughout the year to reduce steam leakages and ensure proper insulation to avoid energy losses from the system.

## Contribution to national exchequer

During the year, the Company contributed Rs. 203 million

to national exchequer in the shape of direct and indirect taxes and earned valuable foreign exchange of US\$ 61 million through the export of its products.

## Employees' retirement benefits

Company established an 'Employees' Provident Fund Trust' to manage and control its financial affairs independently. Trust is recognized under Income Tax Laws and its income and contributions are exempt from tax. It receives subscription from employees with equal contribution from the Company. The value of investments of fund as per their financial statement was Rs. 839 million.

## Future outlook

The economic challenges facing the country are anticipated to maintain an upward pressure on inflation and interest rates. Following the recent bailout package by IMF, the austerity measures in fiscal and economic policies could pose a challenge for growth momentum. Elimination of zero-rated regime for textile industry will create liquidity crunch in the coming year.

Although challenges are high but we are committed to perform in best possible manner and add value to our stakeholders to meet the long term goals of the Company. For improving quality of our products and get premium on selling prices we will continue to upgrade plant and machinery and develop our human capital.

# DIRECTORS' REPORT

for the year ended June 30, 2019

## Acknowledgement

The results of the Company are a reflection of the unrelenting commitment and contribution of its people, and the trust placed in the Company by its customers,

suppliers, service providers and shareholders. 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



## ڈائریکٹران کی رپورٹ

مالی سال ختمہ 30 جون 2019ء

آپ کی کمپنی کے ڈائریکٹرز، کمپنی کے آڈٹ کردہ مالی بیانات اور آڈیٹرز کی رپورٹ کے ساتھ 30 جون 2019ء کو ختم ہونے والے سال کی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

انڈسٹری کا جائزہ:

بین الاقوامی معاشی ترقی میں سست روی، غیر نتیجہ خیز بریگزٹ اور ٹیرف پالیسی پر امریکہ اور چین کے درمیان تجارتی تنازعہ کے باعث سال کے دوران غیر یقینی معاشی صورت حال غالب رہی۔ ان غیر متوقع حالات کے باعث خریداروں کے مابین کشمیک کی فضا تخلیق ہوئی جس نے معاشی سرگرمیوں کو بری طرح متاثر کیا۔ موجودہ مالی سال کے دوران پاکستان کی ٹیکسٹائل برآمدات میں کوئی صحت مند اضافہ دیکھنے میں نہیں آیا۔ خام مال کی قیمتوں میں اضافے اور ٹیکسٹائل مصنوعات کی طلب میں کمی کے باعث ٹیکسٹائل برآمدات میں متوقع اضافہ حاصل نہیں ہو سکا۔ کاٹن کی مقامی قیمتوں میں تیز رفتار اتار چڑھاؤ نے غیر یقینی منظر نامہ تشکیل دیا جس کی وجہ سے ٹیکسٹائل کے برآمد کنندگان بین الاقوامی منڈی میں مقابلہ بازی کے قابل نہ رہے۔ مقامی کاٹن کی پیداوار میں کمی، جو سالانہ 14-15 ملین گانٹھوں سے گر کر سالانہ 10 ملین گانٹھوں تک پہنچ گئی ہے، مقامی کاٹن منڈی میں نامناسبیتی کی بڑی وجوہات میں سے ایک رہی۔ تاہم حکومت پاکستان نے برآمدی شعبہ کو بجلی اور گیس رعایتی نرخوں پر فراہم کی جس سے ٹیکسٹائل سمیت پانچ برآمدی شعبہ جات کی پیداواری لاگت میں کمی واقع ہونے سے برآمدات کو فروغ دینے میں مدد ملی۔ مزید برآں سال کے دوران امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 32 فیصد کے لگ بھگ کمی بھی ہوئی۔

کمپنی کی کارکردگی:

کمپنی کی کارکردگی کا مختصر مالیاتی تجزیہ درج ذیل ہے:

ملین روپے	مالی سال 2019ء	مالی سال 2018ء	فرق	فیصد فرق
آمدنی	13,946	11,314	2,632	23
خام منافع	1,637	1,100	537	49
عملی اخراجات	1,065	777	288	37
مالیاتی اخراجات	507	638	(131)	(21)
دیگر آمدنی	330	325	5	2
محصولات	157	2	155	7,550
خالص منافع بعد از محصولات	239	8	231	2,888
فی حصص آمدنی (روپے)	2.98	0.11	2.87	2,888

گزشتہ سال کے مقابلے میں کمپنی کی ٹاپ لائن میں 23 فیصد کا اضافہ ہوا۔ فروخت کی آمدن میں اضافہ تمام کاروباری شعبہ جات میں ترقی سے منسوب کیا جاسکتا ہے۔ مقدار میں اضافہ اور روپے کی قدر میں کمی کی وجہ سے برآمداتی فروخت میں گزشتہ سال کے مقابلے میں 40 فیصد اضافہ ہوا۔ جبکہ قیمت خرید میں اضافہ کی وجہ سے مقامی فروخت میں گزشتہ سال کے مقابلے میں 5 فیصد اضافہ ہوا۔ مقامی اور برآمداتی فروخت کی اوسط شرح فروخت میں نمایاں اضافہ کی وجہ سے خام منافع میں 49 فیصد اضافہ ہوا۔ برآمدی کرایہ جات اور کمیشن

## ڈائریکٹران کی رپورٹ

مالی سال ختم ہونے پر 30 جون 2019ء

کی مد میں تقسیم کی لاگت میں نمایاں اضافے کی وجہ سے عملی اخراجات میں 37 فیصد اضافہ ہوا۔ مسلسل شرح سود بڑھنے کے باوجود پچھلے سال کے مقابلہ میں مالیاتی لاگت میں 21 فیصد کمی ہوئی۔ یہ کمی پچھلے سال کے غیر ملکی قرضہ جات پر ریٹ کے تبادلہ کے نقصان کے باعث ہوئی۔ سال کے دوران کمپنی نے نہایت باریک بینی سے فارن کرنسی رسک کے رجحان کا جائزہ لیا اور اس کے انتظام کے لیے مختلف دستیاب طریقہ کار استعمال کیے جیسا کہ فارن کرنسی قرضہ جات میں کمی اور نیچرل ہینجنگ کی بحالی۔ ٹرن اوورنگس میں اضافہ اور موجودہ عرصہ میں برآمدی وصولی اور اسی مدت میں موخر ٹیکس کریڈٹ کے اثر کی وجہ سے ٹیکس رسائی میں اضافہ ہوا۔

سپنڈنگ انڈسٹری کو سال کے دوران بہت سے چیلنجز کا سامنا درپیش رہا جیسا کہ مقامی کپاس کی فصل میں کمی کی وجہ سے مقامی کپاس کی زیادہ قیمت اور سست رفتار عالمی معاشی ترقی۔ گزشتہ سال کے مقابلہ میں سپنڈنگ کے شعبہ میں بہتر عملی کارکردگی دیکھنے میں آئی۔ اوسط شرح فروخت 22 فیصد کی بہتری کے ساتھ 145 روپے فی پونڈ سے بڑھ کر 176 روپے فی پونڈ ہوئی۔ دوسری طرف گزشتہ سال کے مقابلہ میں خام مال کی قیمتیں بھی بڑھ گئیں۔ کپاس کی اوسط قیمت میں 24 فیصد جبکہ مصنوعی فائبر کی قیمت میں 32 فیصد اضافہ ہوا۔

سپنڈنگ کے شعبہ میں ہماری BMR سرگرمیوں نے گزشتہ سال بڑھتی ہوئی مقابلہ بازی کے باوجود عملی منافع کمانے میں ہماری مدد کی۔ مارکیٹ کی بدلتی ہوئی صورت حال کا مکمل فائدہ اٹھانے کے لیے کمپنی نے نئے آلات اور ساز و سامان میں سرمایہ کاری کا عمل جاری رکھا۔

پیداواری صلاحیت میں 4 فیصد اور اوسط شرح فروخت میں 20 فیصد اضافہ کی وجہ سے ویونگ کے شعبہ کی عملی کارکردگی بہتر رہی۔ گزشتہ سال کے مقابلہ میں یارن کی اوسط شرح خرید 11 فیصد زائد رہی۔ یہ شعبہ مجموعی طور پر پراسیسنگ اور ہوم ٹیکسٹائل کے شعبہ کی مقامی ضروریات فراہم کرتا ہے۔ ویلیو ایڈڈ شعبہ کی فروخت میں اضافہ کی وجہ سے فروخت کی آمدنی میں مجموعی طور پر 31 فیصد اضافہ ہوا۔

ٹیکسٹائل مصنوعات کی طلب میں عالمی سطح پر کمی اور مقامی خام مال کی قیمتوں میں اضافہ کے باوجود پچھلے سال کے مقابلہ میں ویلیو ایڈڈ شعبہ کی عملی کارکردگی بہتر رہی جس کا حصول پراسیسنگ کپڑے کی برآمد کی اوسط شرح فروخت میں 15 فیصد جبکہ میڈیاپ کی برآمد میں 16 فیصد کے اضافہ کی وجہ سے ممکن ہو سکا۔ یہ اضافہ بنیادی طور پر سال کے دوران روپے کی قدر میں کمی کی مرہون منت تھا۔ تاہم ڈالر کے حساب سے اوسط شرح فروخت پراسیسنگ کپڑے میں 2 فیصد اور میڈیاپ کی برآمد میں 5 فیصد کم رہی۔ پچھلے سال کے مقابلہ میں پراسیسنگ فیبرک اور میڈیاپ کی پیداوار بالترتیب 23 فیصد اور 35 فیصد زیادہ رہی۔ حکومت کے برآمدی امدادی ہیکینج نے علاقائی حریفوں کے مقابلہ میں کچھ ریلیف فراہم کیا۔ کمپنی نے ویلیو ایڈڈ شعبہ میں اپنی پیداواری صلاحیت میں اضافہ کے لیے حکومت کی LTTF اسکیم سے فوائد حاصل کرنے کا سلسلہ جاری رکھا۔

### مالیاتی اسٹیٹمنٹ:

مندرجہ ذیل کمپنیوں کے قواعد و ضوابط کوڈ آف کارپوریٹ گورننس (CCG Regulations, 2017) کے ضابطہ نمبر 26 کے تحت چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر اپنے دستخطوں کے ہمراہ مالیاتی اسٹیٹمنٹ بورڈ آف ڈائریکٹرز اور بورڈ کی طرف سے غور اور منظوری کے لیے پیش کرتے ہیں۔ غور و خوض اور منظوری کے بعد دستخط کردہ مالیاتی اسٹیٹمنٹ کو اجراء اور اشاعت کی اجازت دیتے ہیں۔ کمپنی کی مالیاتی اسٹیٹمنٹ کمپنی کے آڈیٹرز میسرز ریاض احمد اینڈ کو چارٹڈ اکاؤنٹنٹس کی طرف سے اچھی طرح آڈٹ کے بعد منظور کی گئی ہیں اور ان کی رپورٹ مالیاتی اسٹیٹمنٹ کے ساتھ لف ہے۔ آڈیٹرز نے کریڈنٹ باہومان لمیٹڈ کے نقد بہاؤ پر ویکیشن کے سلسلے میں اعتراض کیا ہے کے انویسٹی کمپنی نے اس کی توثیق نہیں کی تھی۔ مینجمنٹ کی رائے تھی کہ نقد بہاؤ کا تخمینہ برآمدی ٹیکسٹائل برنس کے امکانات کو مد نظر رکھتے ہوئے معقول مفروضوں پر مبنی ہے۔ مالی سال جس سے یہ

## ڈائریکٹران کی رپورٹ

مالی سال مختتمہ 30 جون 2019ء

بیلنس شیٹ تعلق رکھتی ہے اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حالت پر اثر انداز ہونے والی کوئی مادی تبدیلی اور کٹمنٹ وقوع پذیر نہیں ہوئی۔

تقسیم:

کمپنی کے بورڈ آف ڈائریکٹرز نے 03 اکتوبر 2019 کو اپنی میٹنگ میں 30 جون 2019 کو ختم ہونے والے سال کے لئے 0.60 روپیہ فی شیئر حتمی نقد منافع کی تجویز پیش کی۔ مجوزہ حتمی نقد منافع 28 اکتوبر 2019 کو کمپنی کے ممبران کے سالانہ جنرل اجلاس کی منظوری سے مشروط ہے۔

آڈیٹران:

آڈیٹرز میسرز ریاض احمد اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہوئے اور انہوں نے مالی سال 2020 کے لیے اپنے آپ کو دوبارہ تعیناتی کے لیے پیش کیا۔ آڈٹ کمیٹی نے ان کی دوبارہ تعیناتی کی منظوری دی اور پیش آمدہ سالانہ عمومی اجلاس پر شیئر ہولڈرز بورڈ نے بھی غور اور منظوری پر ان کی تعیناتی کی سفارش کی ہے۔

متعلقہ پارٹی کے معاملات:

عام کاروبار میں تمام متعلقہ پارٹیوں کے معاملات آزادانہ بنیادوں پر شامل کیے جاتے ہیں اور کنٹریبا ایکٹ 2017ء کی قابل اطلاق دفعات کے مطابق ہیں۔ کمپنی نے مادی لحاظ سے اہم متعلقہ پارٹی کے معاملات ڈائریکٹرز یا کسی بڑی انتظامی شخصیت وغیرہ کے ساتھ نہیں کیے جن سے کمپنی کے مفاد سے بڑے پیمانے پر تصادم ہو یا جس کے لیے شیئر ہولڈرز کی منظوری کی قید ہو۔

مالی سال 2019 کے دوران کے تمام متعلقہ پارٹیوں کے معاملات جائزہ اور توثیق کے لیے بورڈ آڈٹ کمیٹی اور بورڈ کے روبرو پیش کیے گئے۔ ان معاملات کا بورڈ آڈٹ کمیٹی کی طرف سے جائزہ لیا گیا اور بورڈ سے منظور ہوئے۔ یہ تمام معاملات قیمتوں کے تبادلہ کے طریقہ کار اور بورڈ سے منظور شدہ متعلقہ پارٹیوں کی پالیسی کے مطابق پائے گئے۔

بورڈ کی ساخت:

CCG قواعد و ضوابط 2017ء کی ضروریات کے پیش نظر کمپنی بورڈ میں خود مختار اور غیر فعال ڈائریکٹرز کی نمائندگی کے ساتھ صنفی تنوع کی حوصلہ افزائی کرتی ہے۔ بورڈ کی موجودہ ساخت درج ذیل ہے:

ممبران کی کل تعداد:

8

موجودہ عرصہ کے لیے مستثنیٰ

مرد ڈائریکٹران

خاتون ڈائریکٹران

## ڈائریکٹران کی رپورٹ

مالی سال ختمہ 30 جون 2019ء

ساخت:

1	خود مختار ڈائریکٹران
4	دیگر غیر فعال ڈائریکٹران
3	فعال ڈائریکٹران

بورڈ اور کمیٹی میں تبدیلیاں:

گزشتہ سال کی سالانہ رپورٹ کے بعد درج ذیل تبدیلیاں روبہ عمل آئیں:

30 اکتوبر 2018ء کو مسٹر شوکت شفیع کی جگہ مسٹر خالد بشیر کو بورڈ کا چیئر مین مقرر کیا گیا۔

30 اکتوبر 2018ء کو مسٹر خالد بشیر کی جگہ مسٹر انجم محمد سلیم کو بورڈ کی آڈٹ کمیٹی کا چیئر مین مقرر کیا گیا۔

14 جون 2019ء کو مسٹر محمد ارشد (خود مختار ڈائریکٹر) کو آڈٹ کمیٹی اور HR & R کمیٹی کا ممبر مقرر کیا گیا۔ انہیں بالترتیب مسٹر انجم محمد سلیم اور مسٹر خالد بشیر کی جگہ آڈٹ کمیٹی اور HR & R کمیٹی کا چیئر مین بھی مقرر کیا گیا۔

بورڈ اور کمیٹی کے سال کے دوران منعقدہ اجلاسوں کی تعداد اور ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے:

نمبر شمار	نام	بورڈ آف ڈائریکٹرز کا اجلاس	آڈٹ کمیٹی کا اجلاس	چیومن رییسورس اور ریویژن کمیٹی کا اجلاس
1	مسٹر احمد شفیع	4/4		1/1
2	مسٹر امجد محمود	3/4		
3	مسٹر انجم محمد سلیم	4/4	4/4	1/1
4	مسٹر خالد بشیر	3/4	3/4	1/1
5	مسٹر خرم مظہر کریم	3/4	3/4	
6	مسٹر محمد انور	3/4		
7	مسٹر محمد ارشد	4/4		
8	مسٹر شوکت شفیع	3/4		

بورڈ اور کمیٹی کے اجلاس میں شرکت نہ کر سکنے والے ڈائریکٹرز کو غیر حاضری کی رخصت عطا کر دی گئی۔

ڈائریکٹرز کا مشاہرہ:

بورڈ سے منظور شدہ ڈائریکٹرز کے مشاہرے کی ایک رسمی پالیسی موجود ہے۔ پالیسی میں کمپنیز ایکٹ 2017 اور CCG Regulations, 2017 کے مطابق ڈائریکٹرز کے مشاہرے کا شفاف طریقہ کار شامل ہے۔

## ڈائریکٹران کی رپورٹ

مالی سال مختتمہ 30 جون 2019ء

نمایاں خطرات اور عدم یقینی:

کمپنی کچھ مقامی خدشات اور عدم یقینی کی صورت حال کا شکار ہے۔ تاہم ہم مندرجہ ذیل خطرات کو کلیدی خیال کرتے ہیں:

- ☆ مصنوعات کے زمرے میں نمایاں مقابلہ بازی
  - ☆ فارن ایکسچینج ریٹس اور اجناس کی قیمتوں میں منفی تحریک
  - ☆ سستی توانائی کا حصول
  - ☆ کلیدی ملازمین کا استحکام
- کمپنی اندرونی اور بیرونی اسٹیک ہولڈرز کے ساتھ ان خدشات سے نمٹنے اور انہیں قابل برداشت سطح تک کم کرنے کے لیے کام کر رہی ہے۔

بورڈ آف ڈائریکٹرز کی کارکردگی کا اندازہ:

بورڈ کے نگرانی کے کردار کا اندازہ اور اس کی موثرگی ایک مستقل عمل ہے جسے بورڈ خود تشخیص کرتا ہے۔ توجہ کے بنیادی شعبے درج ذیل ہیں:

(1): کمپنی کے ویژن اور مشن کے ساتھ کارپوریٹ اہداف اور مقاصد کی قطار بندی

(2): پائیدار اپریشن کے لیے حکمت عملی کی تشکیل اور منصوبہ بندی

(3): بورڈ کی خود مختاری اور موثرگی

انفرادی فیڈ بیک حاصل کی گئی اور اس فیڈ بیک کی بنیاد پر بورڈ کی کارکردگی کی اوسط ریٹنگ اور بورڈ کی قیادت کے سلسلہ میں چیئرمین کا کردار معیاری پایا گیا جیسا کہ کمپنی کی کارکردگی سے بھی ظاہر ہوتا ہے۔

اندرونی مالیاتی کنٹرولز:

ڈائریکٹرز اندرونی مالیاتی کنٹرولز کے حوالے سے اپنی ذمہ داری سے آگاہ ہیں۔ انتظامیہ اور اندرونی ویرونی آڈیٹرز کے ساتھ بات چیت کے ذریعے وہ یقینی بناتے ہیں کہ کمپنی نے مناسب کنٹرولز لاگو کر رکھے ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر بیان:

- 1- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی سٹیٹمنٹ منصفانہ طور پر اس کے معاملات کی حالت، اس کے عوامل کے نتائج، کیش کا بہاؤ اور مساوات میں تبدیلی پر مشتمل ہے۔
- 2- اکاؤنٹس کی کتابیں مناسب طریقہ سے مرتب کی گئی ہیں۔
- 3- مالیاتی سٹیٹمنٹ کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کو مسلسل لاگو کیا گیا ہے (سوائے اکاؤنٹنگ پالیسی میں تبدیلی کے جیسا کہ مالیاتی سٹیٹمنٹ کے نوٹ 2.10 میں بیان 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۔

## ڈائریکٹران کی رپورٹ

مالی سال مختتمہ 30 جون 2019ء

- 5- کمپنی میں متعلقہ معاملات کو جاری رکھنے کے لئے ممکنہ صلاحیت موجود ہے۔
- 6- کارپوریٹ نظام کے بہترین تجربہ سے مادی طور پر گروڈانی ممکن نہیں۔
- 7- پچھلے چھ سال کا مالیاتی ڈیٹا لف ہے۔
- 8- شیئر ہولڈنگ کا پیٹرن لف ہے۔
- 9- واجب الادا محصولات اور لیویز کا اندراج مالیاتی اسٹیٹمنٹ کے نوٹس میں کر دیا گیا ہے۔
- 10- بورڈ کے اکثر ممبران وہ مقرر کردہ اہلیت اور تجربہ رکھتے ہیں جو کوڈ آف کارپوریٹ گورننس 2017ء کے ضابطہ نمبر 20 کے تحت ڈائریکٹرز کے ٹریننگ پروگرام سے استثناء کے لیے مطلوب ہے۔ تمام ڈائریکٹران کارپوریٹ ادارے کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے مکمل طور پر آگاہ ہیں۔

ادارہ جاتی سماجی ذمہ داری:

ذمہ دار کارپوریٹ شہری کے طور پر ہم تمام اسٹیک ہولڈرز کے لیے تعمیر و ترقی میں کوشاں ہیں۔ اس میں اپنے اسٹیک ہولڈرز کو زیادہ سے زیادہ فائدہ پہنچانا، کسٹمرز کے لیے اپنی مصنوعات اور کارکردگی کو بڑھانا، اپنے لوگوں کو متحرک اور مطمئن رکھنا اور سوسائٹی میں اپنے کارآمد کردار اور اپنے عوامل کے اثرات کو منظم کرنے کے لیے پائیدار طریقہ اختیار کرنا شامل ہے۔

تعلیم:

CSR کمیٹنٹ کے تحت کمپنی دیہاتی علاقوں میں تعلیم کے فروغ کے لیے حکومتی و غیر حکومتی تنظیموں کے ہمراہ کام کرنے والی رہا ہے۔ تنظیم دی سیٹیزن فاؤنڈیشن کے ساتھ شراکت کر رہی ہے۔ کمپنی فیصل آباد کے دور افتادہ علاقوں میں کمپنی کی طرف سے پہلے سے تعمیر شدہ TCF کے پرائمری سکیشن کے 3 پونٹس کے لیے فنڈنگ کر رہی ہے۔ سال کے دوران ہم نے سالانہ رواں اخراجات کی مد میں 78 لاکھ روپے عطیہ کیے ہیں۔

ہیلتھ اور میڈیکل کنیر:

کمپنی نے معاشرے کے غریب اور مستحق طبقے کو صحت اور طبی سہولتوں کی فراہمی کے لیے کوشاں معتبر اداروں کو 20 لاکھ روپے عطیہ کیے ہیں۔ کام کی جگہ پر صحت اور حفاظت کو یقینی بنانے کے لیے ملازمین کو تربیت دی گئی ہے کہ وہ اپنی ذمہ داریاں ادا کرنے کے دوران کس طرح حفاظتی اصول و ضوابط کو اپنا کر خود کو محفوظ رکھ سکتے ہیں۔ کمپنی کی طرف سے قائم کردہ ٹریننگ سنٹر میں تمام ملازمین کو تکنیکی ذمہ داریوں کے متعلق ضروری تربیت اور آگاہی فراہم کی گئی ہے۔ ایک اچھی طرح سے لیس فائر فائٹنگ کا شعبہ فوری آگ کے خطرہ سے نمٹنے پر مامور ہے۔

شجر کاری:

درخت قدرت کا ایک تحفہ ہیں۔ یہ ماحول اور موسمیاتی تبدیلیوں سے مقابلہ کرنے کے لیے بہت ضروری ہیں۔ پاکستان موسمیاتی تبدیلیوں سے متاثرہ ممالک میں ساتویں نمبر پر ہے۔ ہم موسمیاتی تبدیلیوں سے مقابلہ کے لیے اختراعی غور و فکر اور اجتماعی کارروائی کو عمل لانے کے لیے ہمیشہ سب سے آگے رہے ہیں۔ ہم نے 18 ہزار درخت لگائے ہیں جو

## ڈائریکٹران کی رپورٹ

مالی سال ختم 30 جون 2019ء

کاربن ڈائی آکسائیڈ میں سالانہ 390 ٹن کمی کا باعث ہیں۔ شجرکاری سے ہم کاربن ڈائی آکسائیڈ میں کمی اور اپنے تمام ملازمین اور بڑے پیمانے پر معاشرے کے لیے صحت مند، قدرتی ماحول کی فراہمی میں حصہ ڈال رہے ہیں۔

روزگار کے یکساں مواقع:

اپنے لوگوں کی تربیت، تعلیم اور ترقی کمپنی کے لیے انتہائی اہمیت کا موضوع ہے۔ یہ وہ میدان ہے جس پر ہم روایتی تربیت، ترقی و بالیدگی کے مواقع، کارکردگی کی تشخیص اور فیڈ بیک سسٹم کے ذریعے مسلسل کام کر رہے ہیں۔ اپنے لوگوں کو ترغیب دینے، قائم رکھنے اور ان میں سے بہترین کو منتخب کرنے کے لیے کمپنی نے اپنی سینئر انتظامیہ کے لیے پاکستان اور بیرون ملک متعدد قائدانہ مشقوں کا اہتمام کیا۔ سال کے دوران کمپنی نے انعام اور پہچان کے پروگرامز کے اجراء کے ذریعے نمایاں کارکردگی پر انعام دینے کا رجحان ترتیب دیا جیسا کہ تعمیری طرز عمل کی حوصلہ افزائی اور کارکنوں کے مابین صحت مندانہ مسابقتی فضاء کی ترویج کے لیے مسینے کے بہترین کارکن کا انعام۔ ہم کمپنی کی تعمیر و ترقی کے لیے خواتین کارکنوں کی بڑی تعداد کی شمولیت کی حوصلہ افزائی کرتے ہیں۔ کمپنی میں کسی بھی قسم کے امتیازی سلوک اور ہراساں کرنے کی ممانعت ہے۔

صنعتی تعلقات:

باہمی اعتماد، احترام، تعاون اور بھروسے کے ساتھ اپنے ہمدردانہ تعلقات ہر سطح پر برقرار رکھنے کی کمپنی کی ایک طویل اور مستقل تاریخ ہے۔ اس سے کمپنی کی حتمی کارکردگی یقینی اور بہتر ہوتی ہے۔ سی بی اے کی سرگرمیوں میں حصہ لینے اور ایک آزاد اور منصفانہ ماحول میں اپنی مرضی کے نمائندے منتخب کرنے کے لیے کارکنوں کو مناسب مواقع فراہم کیے جاتے ہیں۔

ہر سال سی بی اے کی جانب سے کیے گئے مطالبہ کے ذریعے کمپنی مراعاتی بونس، منافع پر بونس، چھ ملازمین کے حج اخراجات کا خرچ اٹھانے کے ساتھ ساتھ آسان اقساط پر سائیکل، پکھے اور سلائی مشینیں فراہم کرتی ہے۔ کمپنی نے ملازمین کے لیے فیئر پرائس شاپ اور کینٹین کی سہولیات بھی فراہم کر رکھی ہیں۔ کمپنی مستحق ملازمین کے لیے ورکرز ویلفیئر فنڈ بھی چلا رہی ہے۔

ماحولیاتی حفاظت:

کر لیس ٹیکس کا مقصد پانی، توانائی اور ماحولیاتی نظام کی حفاظت کرنا، گرین ہاؤس گیس کے اخراج کو کم کرنا، فضلہ کو کم کرنا اور ماحولیاتی استحکام کے لیے عوامی شعور کو متحرک کرنا ہے۔ کمپنی اپنے عمل کے براہ راست اور بالواسطہ اثرات کی نشاندہی، پیمائش اور تقبیم اور ان اثرات کو کم کرنے کے لئے جدید اور حقیقت پسندانہ حل نکالنے کی کوشش کرتی ہے۔

کمپنی کا کاروبار اور عوامل قومی اور بین الاقوامی ایجنسیز کی طرف سے مطلوبہ عالمی معیار اور ریگولیٹری کی تعمیل کے لیے منظور شدہ ہیں۔ ہم نے درج ذیل مصنوعات، خدمات اور انتظامات کے معیارات کے لیے معتبر ایجنسیز کے ذریعے تھرڈ پارٹی سرٹیفیکیشن حاصل کر رکھی ہے:

## ڈائریکٹران کی رپورٹ

مالی سال مختتمہ 30 جون 2019ء

معیاری انتظامی طریقہ کار	ISO 9001:2015
ماحولیاتی انتظامی طریقہ کار	ISO 14001:2015
مصنوعاتی معیارات، نامیاتی مواد معیارات	OCS-2.0
مصنوعاتی معیارات، عالمی نامیاتی ٹیکسٹائلز	GOTS-5.0
انسانی علم موسمیات اور یارن کے لیے مصنوعات کے معیارات	Oeko-Tex 100
انسانی علم موسمیات اور فہیرک کے لیے مصنوعات کے معیارات	Oeko-Tex 100
انسانی علم موسمیات اور ہوم ٹیکسٹائل کے لیے مصنوعات کے معیارات	Oeko-Tex 100
معاشرتی محاسبہ	SA 8000 : 2014
گاہکوں سے شراکت کے لیے محاسباتی ڈیٹا بینک	SEDEX
ابتدائی اخلاقی تجارتی کوڈ	SMETA/ETI
ماحولیاتی، صحت اور معیاری ضروریات	Ecolabelling(SWAN)
مصری کاٹن ٹریڈ مارک	Egyptian Cotton Trade Mark
سوپرما کاٹن ٹریڈ مارک	Supima Cotton Trade Mark
امریکی کاٹن ٹریڈ مارک	USA Cotton Trade Mark

### توانائی کی بچت:

توانائی کی بچت، فضلہ میں کمی، پانی کی بچت اور قومی ماحولیاتی معیارات (NEQS) پر ارتکاز اور استحکام کے منصوبوں پر عملدرآمد کے ذریعے تکمیل کا سلسلہ اس سال بھی جاری رہا۔

کمپنی پراسیننگ پلانٹ کے لیے نکاسی آب کا ٹریٹمنٹ پلانٹ بھی چلا رہی ہے۔ یہ پلانٹ پانی کو ری سائیکل کرتا ہے اور نکاسی کے نظام پر پانی کے دباؤ کو کم کرتا ہے۔ صنعتی نکاس کے راستہ سے ذرات اور گیسوں کو ہٹانے کے لیے کول سٹیم بولمر پرویٹ سکر بر، فضائی آلودگی کنٹرول کرنے والے آلات نصب کیے گئے ہیں۔ اس کے نتیجے میں ماحول کے تحفظ کے لیے تابکاری، زہریلے مادے اور دھول سے بچاؤ ہوتا ہے۔ کمپنی اپنے ڈائینگ یونٹ پر کاسٹک ریکوری پلانٹ بھی چلا رہی ہے۔ یہ پلانٹ کیمیکلز کی بحالی کرتا ہے اور ری سائیکلنگ کے عمل کے ذریعے لاگت میں کمی فراہم کرتا ہے۔ اس سے نکاسی کے پانی میں خطرناک مادوں کی بھی کمی واقع ہوتی ہے۔ توانائی کی بچت، دیکھ بھال کے اخراجات میں کمی، پائیداری، مضبوطی اور کاربن کے کم اثرات کے لیے روایتی ٹیوب لائٹس کو ایل ای ڈی لائٹس کے ساتھ تبدیل کیا جا رہا ہے۔ بھاپ کے اخراج کو کم کرنے اور سسٹم سے توانائی کے ضیاع سے بچنے کے لیے مناسب انسولیشن کو یقینی بنانے کے لیے سال بھر مسلسل کوشش جاری رکھی گئی ہے۔

### قومی خزانے میں حصہ:

سال کے دوران کمپنی نے براہ راست اور بالواسطہ محصولات کی شکل میں قومی خزانے میں 203 ملین روپے کا حصہ ڈالا اور اپنی مصنوعات کی برآمدات کے ذریعے 61 ملین ڈالر کا قابل قدر زر مبادلہ حاصل کیا۔



## ڈائریکٹران کی رپورٹ

مالی سال ختمہ 30 جون 2019ء

ملازمین کے ریٹائرمنٹ کے فوائد:

کمپنی نے اپنے مالی معاملات آزادانہ طور پر انجام دینے کے لیے ایک "ایمپلائز پراویڈنٹ فنڈ ٹرسٹ" قائم کیا ہے۔ یہ ٹرسٹ انکم ٹیکس قوانین کے تحت منظور شدہ ہے اور اس کی آمدنی اور تعاون محصولات سے مستثنیٰ ہیں۔ یہ ملازمین کی طرف سے پیشگی رکنیت اور کمپنی سے اس کے برابر حصہ وصول کرتا ہے۔ ان کی مالیاتی سٹیٹمنٹ کے مطابق فنڈ کی سرمایہ کاری کی قدر 839 ملین روپے تھی۔

مستقبل کی منصوبہ بندی:

توقع ہے کہ ملک کو درپیش معاشی چیلنجز کی وجہ سے افراط زر اور شرح سود پر شدید دباؤ جاری رہے گا۔ آئی ایم ایف کی جانب سے حالیہ بیل آؤٹ پیکیج کے ذیل میں مالی معاملات میں کفایت شعاری اور معاشی پالیسیاں ترقی کی رفتار میں چیلنج ثابت ہو سکتی ہیں۔ ٹیکسٹائل انڈسٹری سے زیر و بیڈ نظام ختم کرنے سے آئندہ سال میں لیکویڈٹی کا بحران پیدا ہوگا۔ اگرچہ چیلنجز بہت بڑے ہیں لیکن ہم ہر ممکن طریقے سے بہترین کارکردگی دکھانے اور اپنے سٹیک ہولڈرز کے ہمراہ کمپنی کے طویل مدتی اہداف کو پورا کرنے کے لیے عمل طور پر یکسو ہیں۔ اپنی مصنوعات کا معیار برقرار رکھنے اور قیمت فروخت پر منافع حاصل کرنے کے لیے ہم پلانٹ اور مشینری کو بہتر کرنا اور اپنے انسانی سرمائے کو ترقی دینا جاری رکھیں گے۔

خدمات کا اعتراف:

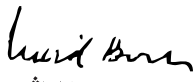
کمپنی کے نتائج اس کے لوگوں کے اشتراک اور غیر متزلزل وابستگی اور اس کے کسٹمرز، سپلائرز، سہولت کاروں اور شراکت داروں کے کمپنی پر اعتماد کے عکاس ہیں۔ کمپنی تمام شراکت داروں کے اس اعتماد کو قدر کی نگاہ سے دیکھتی ہے۔

منجانب: بورڈ آف ڈائریکٹرز



محمد انور

چیف ایگزیکٹو آفیسر



خالد اشیر

ڈائریکٹر

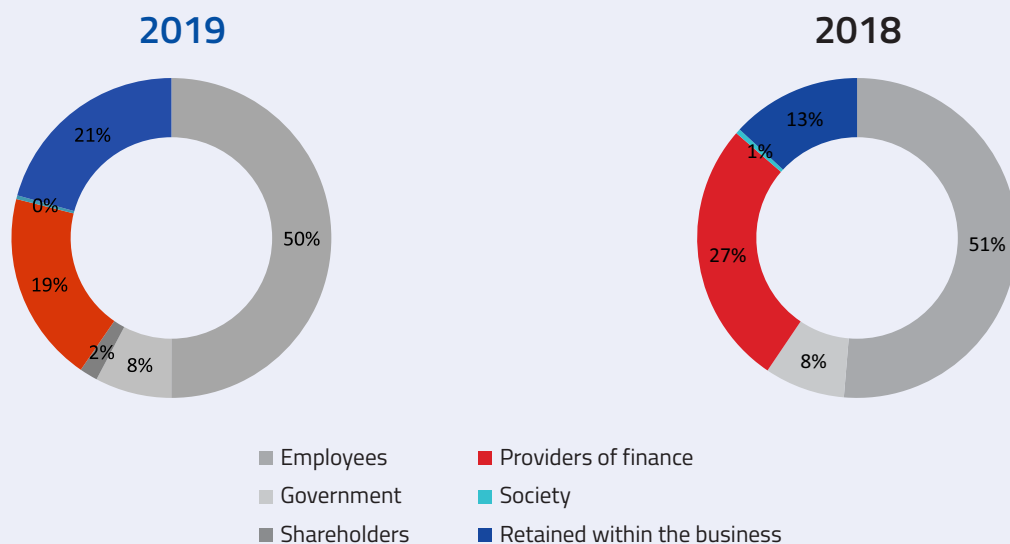
# STATEMENT OF VALUE ADDITION

(Rupees in million)	2019	%	2018	%
<b>Wealth Generated</b>				
Revenue	13,946	100%	11,314	100%
Bought-in-material and services	11,323	81%	8,945	79%
	2,623	19%	2,369	21%
<b>Wealth Distributed</b>				
<b>To Employees</b>				
Salaries, wages and other benefits	1,312	50.0%	1,216	51.3%
<b>To Government</b>				
Taxes and duties	203	7.7%	193	8.1%
<b>To Shareholders</b>				
Dividend*	48	1.8%	-	-
<b>To Providers of Finance</b>				
Finance cost	507	19.3%	638	26.9%
<b>To Society</b>				
Donation toward health and education	10	0.4%	12	0.5%
<b>Retained within the business for future growth</b>				
Retained earning and depreciation*	543	20.7%	311	13.1%
	2,623	100%	2,369	100%

\* This includes final dividend recommended by Board of Directors subsequent to year end.

\*\* Retained earning excludes other comprehensive income.

## Distribution of Wealth



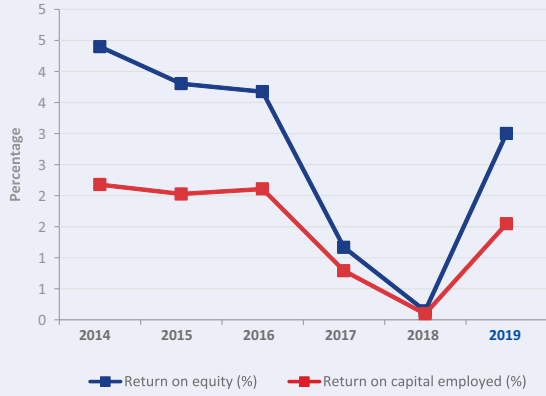
# PERFORMANCE INDICATORS

		2019	2018	2017	2016	2015	2014
<b>A. PROFITABILITY RATIOS</b>							
Gross profit ratio	%	11.74	9.72	8.94	12.67	12.37	11.08
Net profit to sales	%	1.71	0.07	1.04	2.37	1.87	1.93
EBITDA margin to sales *	%	8.66	8.40	5.83	8.71	8.32	8.32
Return on equity	%	3.02	0.10	1.15	3.71	3.84	4.45
Return on capital employed	%	1.53	0.05	0.76	2.11	2.02	2.18
<b>B. LIQUIDITY RATIOS</b>							
Current ratio	Times	0.80	0.88	0.90	0.90	0.81	0.76
Quick ratio	Times	0.50	0.55	0.59	0.62	0.58	0.51
Cash to current liabilities	%	0.05	0.04	0.06	0.14	0.08	0.11
Cash flow from operations to sales	%	11.09	3.97	2.79	1.01	6.50	9.11
<b>C. ACTIVITY / TURNOVER RATIOS</b>							
Inventory turnover	Times	5	4	5	6	7	7
No of days in inventory	Days	72	83	68	59	50	50
Debtor turnover	Times	6	5	5	4	5	5
No of days in receivables	Days	65	74	77	85	75	69
Creditors turnover	Times	8	8	10	9	10	11
No of days in payables	Days	47	45	35	39	37	33
Total assets turnover	Times	0.80	0.64	0.60	0.76	0.95	1.04
Property, plant and equipment turnover	Times	2.07	1.79	1.68	2.35	2.85	2.97
Operating cycle	Days	90	112	110	105	88	87
<b>D. INVESTMENT / MARKET RATIO</b>							
Basic and diluted earning per share	Rs	2.98	0.11	1.41	3.57	3.89	4.68
Price earning ratio	Times	7	238	27	5.45	5.43	4.38
Dividend Yield ratio **	%	2.76	-	-	6.44	6.86	6.10
Dividend Payout ratio **	%	20.10	-	-	40.00	40.45	26.69
Dividend Cover ratio **	Times	4.97	-	-	2.85	2.68	3.75
Cash dividend **	%	6.00	-	-	12.55	14.50	12.50
<b>Market value per share</b>							
- At the end of the period	Rs	21.76	25.20	37.45	19.48	21.15	20.49
- Highest during the period	Rs	38.53	43.93	57.48	24.43	22.53	26.98
- Lowest during the period	Rs	20.51	24.48	19.50	17.30	16.24	13.35
Break up value	Rs	98.83	104.63	123.19	84.58	93.30	109.10
<b>E. CAPITAL STRUCTURE RATIOS</b>							
Financial leverage ratio	Times	0.93	0.90	0.71	0.89	0.92	1.00
Weighted average cost of debt	%	6.82	8.76	4.40	6.37	8.03	8.25
Long term debt to Equity ratio	%	14.17	10.10	10.79	6.58	1.93	2.29
Interest Cover ratio	Times	1.78	1.02	1.28	1.96	1.84	1.73

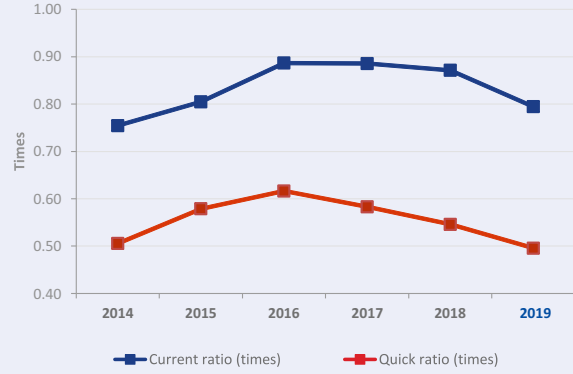
\* EBITDA stands for earning before interest, taxes, depreciation and amortization.

\*\* This includes final dividend recommended by Board of Directors subsequent to year end.

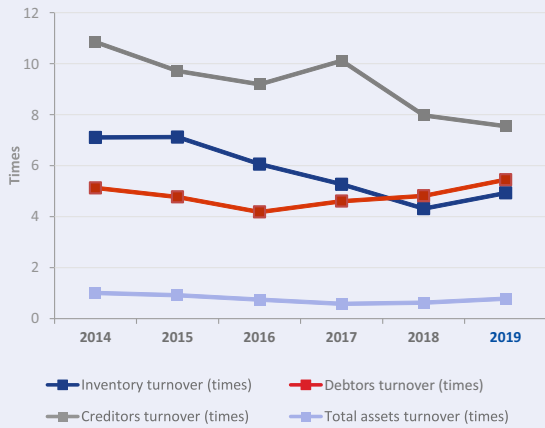
### RETURN ON CAPITAL AND EQUITY



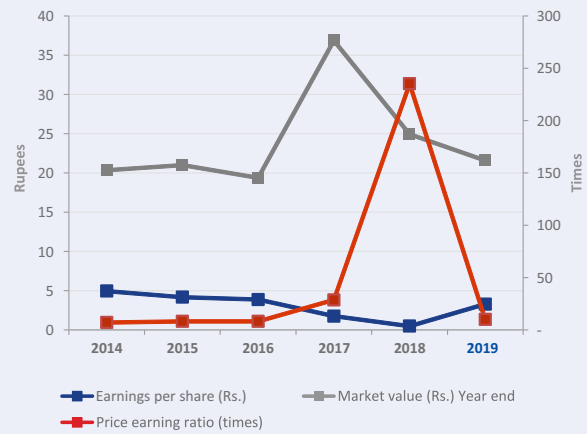
### LIQUIDITY



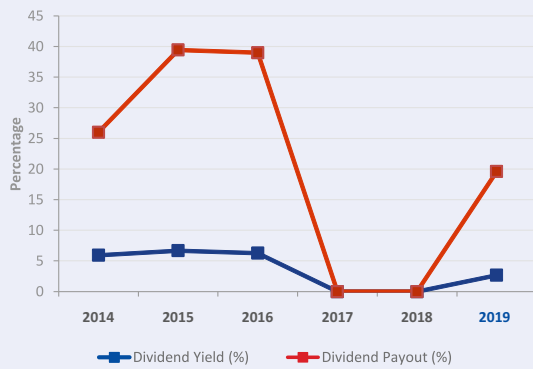
### ASSET MANAGEMENT



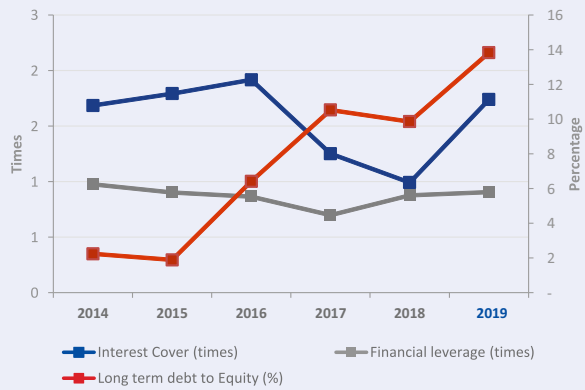
### PER SHARE RESULT



### DIVIDEND AND RETURNS



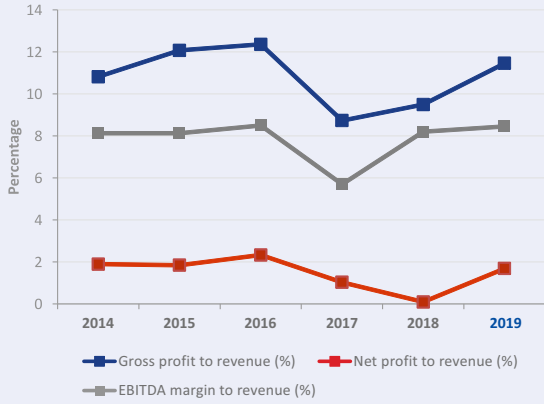
### DEBT MANAGEMENT



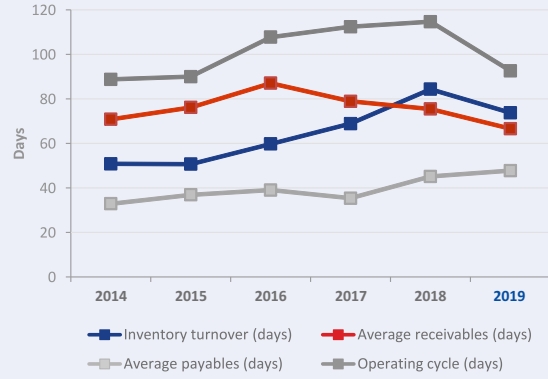
# KEY OPERATING AND FINANCIAL DATA

(Rupees in million)	2019	2018	2017	2016	2015	2014
<b>SUMMARY OF STATEMENT OF PROFIT OR LOSS</b>						
Revenue	13,946	11,314	10,873	10,579	11,779	12,411
Gross profit	1,637	1,100	972	1,340	1,457	1,375
Profit from operations	903	648	368	774	761	863
Share of (loss) / profit from associate	-	-	-	(67)	26	(48)
Profit before taxation	396	10	81	347	358	343
Profit after taxation	239	8	113	251	220	239
<b>SUMMARY OF STATEMENT OF FINANCIAL POSITION</b>						
Property, plant and equipment	6,727	6,328	6,478	4,495	4,140	4,176
Stock in trade	2,285	2,589	2,029	1,636	1,338	1,490
Trade debts	2,648	2,346	2,236	2,366	2,567	2,248
Current assets	6,713	7,398	6,444	5,923	5,343	4,944
Non-Current assets held for sale	-	-	-	-	84	-
Total assets	17,371	17,614	18,114	13,875	12,453	11,983
Shareholders' equity	4,339	4,803	6,280	4,552	3,448	3,078
Surplus on revaluation of operating fixed assets	3,567	3,568	3,575	2,214	2,291	2,291
Long term financing	1,120	845	1,063	445	111	123
Trade and other payables	1,875	1,498	1,118	925	1,191	1,026
Short term borrowings	5,936	6,417	5,791	5,485	5,079	5,082
Current liabilities	8,344	8,399	7,196	6,606	6,571	6,491
Total equity and liabilities	17,371	17,614	18,114	13,875	12,453	11,983
<b>SUMMARY OF STATEMENT OF CASH FLOWS</b>						
Cash and cash equivalents at the beginning of the year	3	4	9	5	7	6
Net cash from / (used in) operating activities	864	(313)	(268)	(547)	104	434
Net cash (used in) / from investing activities	(674)	(164)	(785)	(467)	(223)	274
Net cash (used in) / from financing activities	(189)	476	1,048	1,018	117	(707)
Net increase / (decrease) in Cash and cash equivalents	1	(1)	(5)	4	(2)	1
Cash and cash equivalents at the end of the year	4	3	4	9	5	7

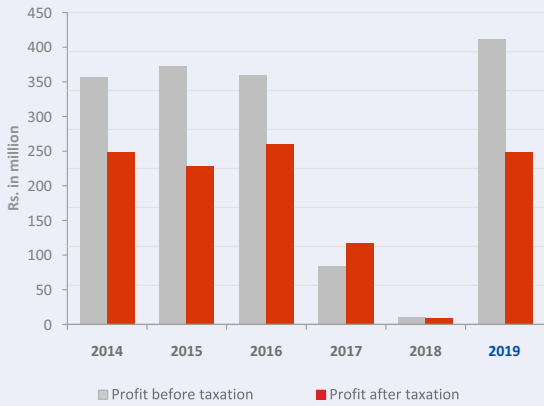
### PROFITABILITY



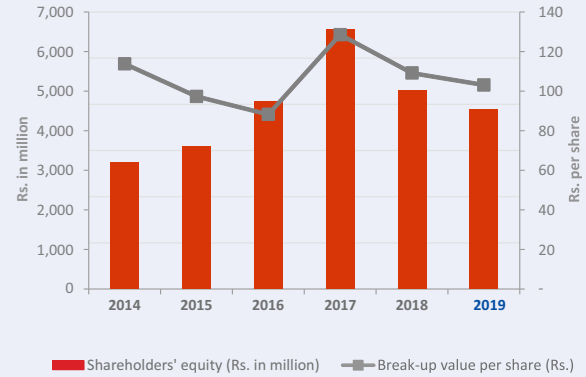
### MANAGEMENT OF WORKING CAPITAL



### PROFIT BEFORE AND AFTER TAX



### SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE



# VERTICAL ANALYSIS

for the last six financial years

(Rupees in million)	2019	%	2018	%	2017	%	2016	%	2015	%	2014	%
<b>STATEMENT OF FINANCIAL POSITION</b>												
Property, plant and equipment	6,727	38.7	6,328	35.9	6,478	35.8	4,495	32.4	4,140	33.2	4,176	34.8
Intangible assets	6	0.0	12	0.1	18	0.1	-	-	-	-	-	-
Investment in an associate	-	-	-	-	-	-	-	-	336	2.7	311	2.6
Long term investments	3,792	21.8	3,736	21.2	5,167	28.5	3,449	24.9	2,541	20.4	2,540	21.2
Long term loans and advances	1	0.0	1	0.0	2	0.0	3	0.0	4	0.0	3	0.0
Long term deposits and prepayments	30	0.2	10	0.1	5	0.0	5	0.0	5	0.0	7	0.1
Deferred income tax asset	103	0.7	128	0.7	-	-	-	-	-	-	2	0.0
Stores, spare parts and loose tools	265	1.5	198	1.1	192	1.1	185	1.3	177	1.4	157	1.3
Stock in trade	2,285	13.1	2,589	14.7	2,029	11.2	1,636	11.8	1,338	10.7	1,490	12.4
Trade debts	2,648	15.2	2,346	13.3	2,236	12.3	2,366	17.1	2,567	20.6	2,248	18.8
Loans and advances	754	4.3	687	3.9	576	3.2	469	3.4	418	3.4	364	3.0
Short term deposits and prepayments	71	0.4	61	0.3	62	0.3	29	0.2	23	0.2	21	0.2
Accrued interest	5	0.0	3	0.0	4	0.0	4	0.0	5	0.0	4	0.0
Other receivables	291	1.7	1,416	8.0	1,253	6.9	1,131	8.2	744	6.0	571	4.8
Short term investments	390	2.2	94	0.5	88	0.5	94	0.7	66	0.5	82	0.7
Cash & bank balances	4	0.0	3	0.0	4	0.0	9	0.1	5	0.0	7	0.1
Non-Current assets held for sale	-	-	-	-	-	-	-	-	84	0.7	-	-
<b>TOTAL ASSETS</b>	<b>17,371</b>	<b>100</b>	<b>17,614</b>	<b>100</b>	<b>18,114</b>	<b>100</b>	<b>13,875</b>	<b>100</b>	<b>12,453</b>	<b>100</b>	<b>11,983</b>	<b>100</b>
Issued, subscribed and paid up share capital	800	4.6	800	4.5	800	4.4	800	5.8	615	4.9	492	4.1
Reserves	3,539	20.4	4,003	22.7	5,480	30.3	3,752	27.0	2,833	22.7	2,586	21.6
Shareholders equity	4,339	25.0	4,803	27.3	6,280	34.7	4,552	32.8	3,448	27.7	3,078	25.7
Surplus on revaluation of operating fixed assets	3,567	20.5	3,568	20.3	3,575	19.7	2,214	16.0	2,291	18.4	2,291	19.1
Long term financing	1,120	6.4	845	4.8	1,063	5.9	445	3.2	100	0.8	79	0.7
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	11	0.1	44	0.4
Deferred income tax liability	-	-	-	-	-	-	58	0.4	32	0.3	-	-
Trade and other payables	1,875	10.8	1,498	8.5	1,118	6.2	925	6.7	1,191	9.6	1,026	8.6
Accrued mark-up	120	0.7	86	0.5	66	0.4	60	0.4	85	0.7	97	0.8
Short term borrowings	5,936	34.1	6,417	36.4	5,791	32.0	5,485	39.5	5,079	40.8	5,082	42.4
Current portion of non-current liabilities	275	1.6	258	1.5	190	1.0	66	0.5	112	0.9	164	1.4
Provision for taxation	138	0.9	141	0.8	31	0.2	70	0.5	104	0.8	122	1.0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,371</b>	<b>100</b>	<b>17,614</b>	<b>100</b>	<b>18,114</b>	<b>100</b>	<b>13,875</b>	<b>100</b>	<b>12,453</b>	<b>100</b>	<b>11,983</b>	<b>100</b>
<b>STATEMENT OF PROFIT OR LOSS</b>												
Revenue	13,946	100.0	11,314	100.0	10,873	100.0	10,579	100.0	11,779	100.0	12,411	100.0
Cost of sales	12,309	88.3	10,214	90.3	9,901	91.1	9,239	87.3	10,322	87.6	11,036	88.9
Gross profit	1,637	11.7	1,100	9.7	972	8.9	1,340	12.7	1,457	12.4	1,375	11.1
Distribution cost	679	4.9	468	4.1	644	5.9	633	6.0	648	5.5	611	4.9
Administrative expenses	345	2.5	295	2.6	300	2.8	283	2.7	234	2.0	195	1.6
Other expenses	42	0.3	14	0.1	10	0.1	26	0.2	63	0.5	67	0.5
Other income	330	2.4	325	2.9	350	3.2	376	3.6	249	2.1	361	2.9
Profit from operations	903	6.5	648	5.7	368	3.4	774	7.3	761	6.5	863	7.0
Finance cost	507	3.6	638	5.6	287	2.6	360	3.4	429	3.6	472	3.8
Share of (loss) / profit from associate	-	-	-	-	-	-	(67)	(0.6)	26	0.2	(48)	(0.4)
Profit before taxation	396	2.8	10	0.1	81	0.7	347	3.3	358	3.0	343	2.8
Taxation	157	1.1	2	0.0	(32)	(0.3)	96	0.9	138	1.2	104	0.8
Profit after taxation	239	1.7	8	0.1	113	1.0	251	2.4	220	1.9	239	1.9

# HORIZONTAL ANALYSIS

for the last six financial years

(Rupees in million)	2019	%	2018	%	2017	%	2016	%	2015	%	2014	%
<b>STATEMENT OF FINANCIAL POSITION</b>												
Property, plant and equipment	6,727	6.3	6,328	(2.3)	6,478	44.1	4,495	8.6	4,140	(0.9)	4,176	(6.5)
Intangible assets	6	(52.2)	12	(32.6)	18	100.0	-	-	-	-	-	(100.0)
Investment in an associate	-	-	-	-	-	-	-	(100)	336	8.0	311	(13.1)
Long term investments	3,792	1.5	3,736	(27.7)	5,167	49.8	3,449	35.7	2,541	0.0	2,540	(0.5)
Long term loans and advances	1	(53.8)	1	(45.9)	2	(33.3)	3	(25.0)	4	33.3	3	(25.0)
Long term deposits and prepayments	30	191.6	10	105.5	5	-	5	-	5	(28.6)	7	-
Deferred income tax asset	103	(4)	128	100	-	-	-	-	-	(100)	2	(95.7)
Stores, spare parts and loose tools	265	34.0	198	3.1	192	3.8	185	4.5	177	12.7	157	26.6
Stock in trade	2,285	(11.8)	2,589	27.6	2,029	24.0	1,636	22.3	1,338	(10.2)	1,490	(3.3)
Trade debts	2,648	12.8	2,346	4.9	2,236	(5.5)	2,366	(7.8)	2,567	14.2	2,248	(9.2)
Loans and advances	754	9.7	687	19.3	576	22.8	469	12.2	418	14.8	364	19.3
Short term deposits and prepayments	71	16.9	61	(2.1)	62	113.8	29	26.1	23	9.5	21	(16.0)
Accrued interest	5	50.0	3	(20.5)	4	-	4	(20.0)	5	25.0	4	(20.0)
Other receivables	291	(79.5)	1,416	13.0	1,253	10.8	1,131	52.0	744	30.3	571	0.9
Short term investments	390	313.3	94	7.3	88	(6.4)	94	42.4	66	(19.5)	82	46.4
Cash & bank balances	4	30.9	3	(14.7)	4	(55.6)	9	80.0	5	(28.6)	7	16.7
Non-Current assets held for sale	-	-	-	-	-	-	-	(100)	84	100	-	-
<b>TOTAL ASSETS</b>	<b>17,371</b>	<b>(1.3)</b>	<b>17,614</b>	<b>(2.8)</b>	<b>18,114</b>	<b>30.6</b>	<b>13,875</b>	<b>11.4</b>	<b>12,453</b>	<b>3.9</b>	<b>11,983</b>	<b>(4.5)</b>
Issued, subscribed and paid up share capital	800	-	800	-	800	-	800	30.1	615	25.0	492	-
Reserves	3,539	(11.6)	4,003	(27.0)	5,480	46.1	3,752	32.4	2,833	9.6	2,586	10.8
Shareholders equity	4,339	(9.7)	4,803	(23.5)	6,280	38.0	4,552	32.0	3,448	12.0	3,078	8.9
Surplus on revaluation of operating fixed assets	3,567	(0.0)	3,568	(0.2)	3,575	61.5	2,214	(3.4)	2,291	-	2,291	-
Long term financing	1,120	33	845	(21)	1,063	139	445	345	100	26.6	79	(62.4)
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	(100)	11	(75.0)	44	(42.9)
Deferred liability	-	-	-	-	(100.0)	58	81.3	32	100	-	-	-
Trade and other payables	1,875	25.2	1,498	34.0	1,118	20.9	925	(22.3)	1,191	16.1	1,026	(4.1)
Accrued mark-up	120	40.1	86	29.7	66	10.0	60	(29.4)	85	(12.4)	97	(39.8)
Short term borrowings	5,936	(7.5)	6,417	10.8	5,791	5.6	5,485	8.0	5,079	(0.1)	5,082	(8.7)
Current portion of non-current liabilities	275	6.5	258	35.8	190	187.9	66	(41.1)	112	(31.7)	164	(25.8)
Provision for taxation	138	12.5	141	353.6	31	(55.7)	70	(32.7)	104	(14.8)	122	2.5
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,371</b>	<b>(1.3)</b>	<b>17,614</b>	<b>(2.8)</b>	<b>18,114</b>	<b>30.6</b>	<b>13,875</b>	<b>11.4</b>	<b>12,453</b>	<b>3.9</b>	<b>11,983</b>	<b>(4.5)</b>
<b>STATEMENT OF PROFIT OR LOSS</b>												
Revenue	13,946	23.3	11,314	4.1	10,873	2.8	10,579	(10.2)	11,779	(5.1)	12,411	(6.4)
Cost of sales	12,309	20.5	10,214	3.2	9,901	7.2	9,239	(10.5)	10,322	(6.5)	11,036	(6.3)
Gross profit	1,637	48.8	1,100	13.2	972	(27.5)	1,340	(8.0)	1,457	6.0	1,375	(7.6)
Distribution cost	679	44.9	468	(27.3)	644	1.7	633	(2.3)	648	6.1	611	(10.9)
Administrative expenses	345	16.9	295	(1.7)	300	6.0	283	20.9	234	20.0	195	4.3
Other expenses	42	191.9	14	42.4	10	(61.5)	26	(58.7)	63	(6.0)	67	252.6
Other income	330	1.7	325	(7.2)	350	(6.9)	376	51.0	249	(31.0)	361	75.2
Profit from operations	903	39.3	648	76.1	368	(52.5)	774	1.7	761	(11.8)	863	7.6
Finance cost	507	(20.5)	638	122.2	287	(20.3)	360	(16.0)	429	(9.2)	472	(19.2)
Share of (loss) / profit from associate	-	-	-	-	-	(100.0)	(67)	(357.7)	26	(154.2)	(48)	(265.5)
Profit before taxation	396	3,791	10	(87)	81	(77)	347	(3)	358	5	343	39
Taxation	157	9,035	2	(105.4)	(32)	(133.3)	96	(30.4)	138	32.7	104	(23.0)
Profit after taxation	239	2,724	8	(92.5)	113	(55.0)	251	13.8	220	(7.7)	239	113.5



# STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2017

The Crescent Textile Mills Limited ("the company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2017 ("the Regulations") in the following manner:

1. The total number of directors are eight as per the following.
  - a. Male: Eight
  - b. Female: Exempted for current term

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

Category	Name
Independent Director	Mr. Muhammad Arshad
Executive Directors	Mr. Ahmad Shafi
	Mr. Muhammad Anwar
	Mr. Shaukat Shafi
Non-Executive Directors	Mr. Amjad Mehmood
	Mr. Anjum Muhammad Saleem
	Mr. Khalid Bashir
	Mr. Khurram Mazhar Karim

3. Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
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 Companies Act, 2017 ("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 of directors has 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. The majority of the Board members have the prescribed qualifications and experience required for exemption from training program of Directors pursuant to Regulation 20 of the CCG. We have initiated the process to get exemption from SECP.

# STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2017

10. The Board has approved appointment of CFO, 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. CFO and CEO 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. Muhammad Arshad	(Chairman)
Mr. Khalid Bashir	(Member)
Mr. Anjum Muhammad Saleem	(Member)
Mr. Khurram Mazhar Karim	(Member)
  - b) HR and Remuneration Committee

Mr. Muhammad Arshad	(Chairman)
Mr. Khalid Bashir	(Member)
Mr. Ahmad Shafi	(Member)
Mr. Anjum Muhammad Saleem	(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 2019
  - b) HR and Remuneration Committee: one meeting during the financial year ended 30 June 2019
15. The board has set up an effective internal audit function which comprises the persons 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP

# STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2017

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 other requirements of the Regulations have been complied with.

For and on behalf of the Board of Directors



Muhammad Anwar  
Chief Executive Officer



Khalid Bashir  
Chairman

# INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of THE CRESCENT TEXTILE MILLS LIMITED ("the Company") for the year ended 30 June 2019 in accordance with the requirements of Regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 2019.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Paragraph Reference	Description
9	Exemption of directors from training program has not been taken from Securities and Exchange Commission of Pakistan (SECP).

## RIAZ AHMAD & COMPANY

Chartered Accountants



Date: October 03, 2019

Faisalabad

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

## Qualified Opinion

We have audited the annexed financial statements of The Crescent Textile Mills Limited ('the Company'), which comprise the statement of financial position as at 30 June 2019, 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.

Except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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 2019 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

## Basis for Qualified Opinion

Fair value of the unquoted investments of the Company in ordinary and preference shares of Crescent Bahuman Limited (Note 13.1) was determined by the management based on the present value technique. While assessing the reasonableness of cash flows projections of the investee company, we noted that these were not endorsed by the investee company. In the absence of the availability of complete data, we were unable to evaluate the authenticity of fair value of these investments and adjustments, if any, cannot be quantified and incorporated in these financial statements.

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 qualified 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. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matter described below to be the key audit matter to be communicated in our report.

Following are the key audit matters:

Sr. #	Key audit matters	How the matter was addressed in our audit
1.	<p><b>Inventory existence and valuation</b></p> <p>Inventories as at 30 June 2019 amounting to Rupees 2,550.025 million represented a material position in the statement of financial position, break up of which is as follows:</p> <ul style="list-style-type: none"><li>- Stores, spare parts and loose tools of Rupees 265.357 million</li></ul>	<p>Our procedures over existence and valuation of inventories included, but were not limited to:</p> <ul style="list-style-type: none"><li>▪ To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based</li></ul>

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

- Stock-in-trade of Rupees 2,284.668 million

The business is characterized by high volume serial production and the valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters.

Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 2.11 to the financial statements.

At year end, the valuation of inventories is reviewed by management and the cost of inventories is reduced where it is forecasted to be sold below cost.

Usable stores, spare parts and loose tools are valued at moving average cost, raw materials are valued at weighted average cost whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment.

The determination of whether inventories will be realized for a value less than cost requires management to exercise judgment and apply assumptions. Management undertake the following procedures for determining the level of write down required:

- Use inventory ageing reports together with historical trends to estimate the likely future salability of slow moving and older inventory items.
- Perform a line-by-line analysis of remaining inventories to ensure it is stated at the lower of cost and net realizable value and a specific write down is recognized, if required.

For further information on inventories, refer to the following:

on samples, we 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 enquires 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 to the financial statements.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

- Summary of significant accounting policies, Inventories (Note 2.11 to the financial statements).
- Stores, spare parts and loose tools (Note 17) and Stock-in-trade (Note 18) to the financial statements.

## 2. Recoverability of deferred income tax asset

Under International Accounting Standard 12 "Income Taxes", the Company is required to review recoverability of the deferred income tax asset recognized in the statement of financial position at each reporting period.

Recognition of deferred income tax asset is dependent on management's estimate of availability of sufficient future taxable profits against which carried forward losses and tax credits can be utilized. The future taxable profits are based on approved management's projections. This estimation is inherently uncertain and requires judgement in relation to the future cash flows and also involves assessment of timing of reversals of unused tax losses and tax credits.

As at 30 June 2019, the Company have recognized deferred income tax asset amounting to Rupees 279.531 million on unused tax losses, on carried forwarded minimum tax, on fair value reserve of investments and on provision for doubtful receivables.

We considered this as key audit matter due to significant value of deferred income tax asset and significant management judgement regarding assumptions used in this area.

For further information on deferred income tax asset, refer to the following:

- Summary of significant accounting policies, Taxation (Note 2.6 to the financial statements).
- Deferred income tax asset (Note 16 to the financial statements).

We performed procedures that included:

- We obtained understanding of the income taxes process, and evaluated the design and tested management's controls over the calculation of the deferred income tax asset and the review of the future recoverability;
- We tested management's computation of unused tax losses, carried forwarded minimum tax, fair value reserve on investments and provision for doubtful receivables for which deferred income tax assets were recognized;
- We analyzed the requirements of Income Tax Ordinance, 2001, in relation to above and considering the ageing analysis, expiry periods of relevant deferred income tax assets and tax rates enacted in consultation with our in house tax specialist;
- We assessed the reasonableness of cash flow projection, taxable profits projections, challenging and performing audit procedures on assumptions such as growth rate, production patterns, future revenue and costs, by comparing the assumptions to historical results, approved budget and comparing the current year's results with prior year forecast and other relevant information for assessing the quality of Company's forecasting process in determining the future taxable profits;
- We tested mathematical accuracy of future projections and the use of appropriate tax rate applicable on temporary differences; and

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

## 3. Revenue recognition

The Company recognized revenue of Rupees 13,946.144 million for the year ended 30 June 2019.

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 recognition (Note 2.14 to the financial statements).
- Revenue (Note 26 to the financial statements).

- We assessed the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures in accordance with the accounting and reporting standards.

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 financial statements.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

## 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. As described in the Basis for Qualified Opinion section above, fair value of the investments in Crescent Bahuman Limited cannot be evaluated due to non-availability of complete data. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

## 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

- 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

Except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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



Date: October 03, 2019

Faisalabad

# STATEMENT OF FINANCIAL POSITION

as at June 30, 2019

(Rupees in '000')	Note	2019	2018
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
100 000 000 (2018: 100 000 000) ordinary shares of Rupees 10 each		1,000,000	1,000,000
Issued, subscribed and paid up share capital	3	800,000	800,000
Capital reserves			
Premium on issue of right shares	4.1	200,169	200,169
Fair value reserve	4.1	523,811	1,225,974
Surplus on revaluation of operating fixed assets - net of deferred income tax	5	3,567,457	3,567,516
Revenue reserves	4.2	2,815,298	2,576,670
<b>TOTAL EQUITY</b>		<b>7,906,735</b>	<b>8,370,329</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	6	1,120,213	845,071
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	1,865,597	1,488,144
Unclaimed dividend		9,435	9,513
Accrued mark-up	8	119,940	85,596
Short term borrowings	9	5,935,657	6,416,791
Current portion of long term financing	6	274,858	258,038
Provision for taxation		138,368	140,604
		<b>8,343,855</b>	<b>8,398,686</b>
<b>TOTAL LIABILITIES</b>		<b>9,464,068</b>	<b>9,243,757</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,370,803</b>	<b>17,614,086</b>

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



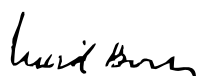
Muhammad Anwar  
Chief Executive Officer

# STATEMENT OF FINANCIAL POSITION

as at June 30, 2019

(Rupees in '000')	Note	2019	2018
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	6,726,762	6,328,138
Intangible asset	12	5,806	12,139
Long term investments	13	3,792,196	3,736,188
Long term loans and advances	14	500	1,082
Long term deposits and prepayments	15	29,962	10,276
Deferred income tax asset	16	102,906	127,820
		10,658,132	10,215,643
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	17	265,357	198,030
Stock-in-trade	18	2,284,668	2,588,958
Trade debts	19	2,647,825	2,346,338
Loans and advances	20	753,660	687,038
Short term deposits and prepayments	21	70,973	60,714
Accrued interest	22	4,771	3,181
Other receivables	23	290,591	1,416,322
Short term investment	24	390,358	94,449
Cash and bank balances	25	4,468	3,413
		6,712,671	7,398,443
		17,370,803	17,614,086

TOTAL ASSETS



Khalid Bashir  
Director



Asim Siddique  
Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS

for the Year Ended June 30, 2019

(Rupees in '000')	Note	2019	2018
Revenue	26	13,946,144	11,314,259
Cost of sales	27	(12,308,973)	(10,214,002)
Gross profit		1,637,171	1,100,257
Distribution cost	28	(678,533)	(468,190)
Administrative expenses	29	(344,751)	(294,791)
Other expenses	30	(41,579)	(14,244)
		(1,064,863)	(777,225)
		572,308	323,032
Other income	31	330,282	324,846
Profit from operations		902,590	647,878
Finance cost	32	(506,750)	(637,703)
Profit before taxation		395,840	10,175
Taxation	33	(157,251)	(1,720)
Profit after taxation		238,589	8,455
Earnings per share - Basic and diluted (Rupees)	34	2.98	0.11

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



Muhammad Anwar  
Chief Executive Officer



Khalid Bashir  
Director



Asim Siddique  
Chief Financial Officer

# STATEMENT OF COMPREHENSIVE INCOME

for the Year Ended June 30, 2019

(Rupees in '000')	2019	2018
Profit after taxation	238,589	8,455
Other comprehensive loss		
Items that will not be reclassified to statement of profit or loss in subsequent periods:		
Deficit arising on remeasurement of investments at fair value through other comprehensive income	(705,126)	-
Deferred income tax relating to investments at fair value through other comprehensive income	2,963	-
	(702,163)	-
Items that may be reclassified to statement of profit or loss in subsequent periods:		
Deficit arising on remeasurement of available for sale investments to fair value	-	(1,493,415)
Other comprehensive loss for the year - net of tax	(702,163)	(1,493,415)
Total comprehensive loss for the year	(463,574)	(1,484,960)

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



Muhammad Anwar  
Chief Executive Officer



Khalid Bashir  
Director




Asim Siddique  
Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

for the Year Ended June 30, 2019

(Rupees in '000')	SHARE CAPITAL	RESERVES									TOTAL EQUITY	
		CAPITAL RESERVES					REVENUE RESERVES					TOTAL
		Premium on issue of right shares	Fair value reserve of available for sale investments	Fair value reserve of investments at FVTOCI	Surplus on revaluation of operating fixed assets - net of deferred income tax	Sub total	General	Dividend equalization	Unappropriated profit	Sub total		
Balance as at 30 June 2017	800,000	200,169	2,719,389	-	3,575,108	6,494,666	1,773,643	30,000	756,985	2,560,628	9,055,294	9,855,294
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	(41)	(41)	-	-	41	41	-	-
Adjustment of deferred income tax liability due to re-assessment at year end	-	-	-	-	(5)	(5)	-	-	-	-	(5)	(5)
Transfer from surplus on revaluation of operating fixed assets on disposal of operating fixed assets	-	-	-	-	(7,546)	(7,546)	-	-	7,546	7,546	-	-
Profit for the year	-	-	-	-	-	-	-	-	8,455	8,455	8,455	8,455
Other comprehensive loss for the year	-	-	(1,493,415)	-	-	(1,493,415)	-	-	-	-	(1,493,415)	(1,493,415)
Total comprehensive loss for the year	-	-	(1,493,415)	-	-	(1,493,415)	-	-	8,455	8,455	(1,484,960)	(1,484,960)
Balance as at 30 June 2018	800,000	200,169	1,225,974	-	3,567,516	4,993,659	1,773,643	30,000	773,027	2,576,670	7,570,329	8,370,329
Adjustment on adoption of IFRS 9 (Note 2.10)	-	-	(1,225,974)	1,225,974	-	-	-	-	-	-	-	-
Adjusted total equity as at 01 July 2018	800,000	200,169	-	1,225,974	3,567,516	4,993,659	1,773,643	30,000	773,027	2,576,670	7,570,329	8,370,329
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	(39)	(39)	-	-	39	39	-	-
Adjustment of deferred income tax liability due to re-assessment at year end	-	-	-	-	(20)	(20)	-	-	-	-	(20)	(20)
Transferred from dividend equalization reserve to general reserve	-	-	-	-	-	-	30,000	(30,000)	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	238,589	238,589	238,589	238,589
Other comprehensive loss for the year	-	-	-	(702,163)	-	(702,163)	-	-	-	-	(702,163)	(702,163)
Total comprehensive loss for the year	-	-	-	(702,163)	-	(702,163)	-	-	238,589	238,589	(463,574)	(463,574)
Balance as at 30 June 2019	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

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

  
Muhammad Anwar  
Chief Executive Officer

  
Khalid Bashir  
Director

  
Asim Siddique  
Chief Financial Officer

# STATEMENT OF CASH FLOWS

for the Year Ended June 30, 2019

(Rupees in '000')	Note	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	35	1,545,886	449,574
Finance cost paid		(472,349)	(617,495)
Income tax paid		(189,986)	(138,552)
Dividend paid		(78)	(121)
Workers' profit participation fund paid		(85)	(1,032)
Net decrease in long term loans and advances		582	842
Net increase in long term deposits and prepayments		(19,686)	(5,128)
Net cash generated from / (used in) operating activities		864,284	(311,912)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(731,317)	(168,339)
Proceeds from sale of property, plant and equipment		46,710	22,409
Investment made		-	(70,353)
Dividends received		10,550	51,832
Net cash used in investing activities		(674,057)	(164,451)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		550,001	39,856
Repayment of long term financing		(258,039)	(190,376)
Short term borrowings - net		(481,134)	626,401
Net cash (used in) / from financing activities		(189,172)	475,881
Net increase / (decrease) in cash and cash equivalents		1,055	(482)
Cash and cash equivalents at the beginning of the year		3,413	3,895
Cash and cash equivalents at the end of the year (note 25)		4,468	3,413

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



Muhammad Anwar  
Chief Executive Officer



Khalid Bashir  
Director



Asim Siddique  
Chief Financial Officer





# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

## 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.

## 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) 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.

#### b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for the freehold and leasehold land measured at revalued amounts and certain financial instruments carried at fair value.

#### c) 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:

#### Financial instruments – fair value

The fair value of some financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

## 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.

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

Following standards, interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customers'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to IFRSs: 2014 – 2016 Cycle"

The Company had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9. These are disclosed in Note 2.10. Most of the other amendments listed

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

above except for IFRS 9 and IFRS 15 (as disclosed in Note 2.14) did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

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

There are other amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2018 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) Standards, interpretation and amendments to published approved accounting standards that are not yet effective but relevant to the Company

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

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases—Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard in the Company's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the Solely Payments of Principal and Interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

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 IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs', relevant to the Company. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

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 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.

## 2.2 Employees retirement benefit

The Company operates a recognized provident fund for all its permanent employees. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 6.25 percent of the basic salary plus cost of living allowance. Obligation for contributions to defined contribution plan is recognized as an expense in the statement of profit or loss as and when incurred. Employees are eligible under the scheme on completion of prescribed qualifying period of service.

## 2.3 Liabilities against assets subject to finance lease

Leases, where the Company has substantially all the risks and rewards of ownership of assets are classified as finance leases. At inception, finance leases are recorded at the lower of present value of minimum lease payments under the lease agreement and the fair value of the assets. The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of the payment. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to the statement of profit or loss over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

## 2.4 Provisions

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

## 2.5 Dividend and other appropriations

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

## 2.6 Taxation

### Current

Provision for current 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.

## 2.7 Property, plant and equipment

### 2.7.1 Operating fixed assets and depreciation

#### a) Cost / Revalued amount

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 and leasehold land which is stated at revalued amount less accumulated depreciation and 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 directly attributable costs of bringing the assets to working condition.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

Increases in the carrying amounts arising on revaluation of operating fixed assets are recognized, net of deferred income tax, 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. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of deferred income tax, is reclassified from surplus on revaluation of operating fixed assets to unappropriated profit.

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.

b) Depreciation

Depreciation on operating fixed assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed of.

Depreciation is charged to the statement of profit or loss on reducing balance method, except leasehold land on which depreciation is charged on straight line method to write off the cost of operating fixed assets over their expected useful lives at the rates mentioned in Note 11.1. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

c) De-recognition

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

2.7.2 Assets subject to finance lease

These are initially recognized at lower of present value of minimum lease payments under the lease agreements and fair value of assets. Subsequently, these assets are stated at cost less accumulated depreciation and any identified impairment loss. Assets so acquired are depreciated over their expected useful lives. Depreciation of leased assets is charged to the statement of profit or loss.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed of.

2.7.3 Assets subject to operating lease / ijarah contracts

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor are classified

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

as operating leases / ijarah contracts. Payments made under operating leases (net of any incentives received from the lessor and ijarah contracts) are charged to the statement of profit or loss on a straight line basis over the lease term.

## 2.8 Non-current assets held for sale

Non-current are assets classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

## 2.9 Intangible asset and amortization

Intangible asset represents the cost of computer software acquired and is stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to the statement of profit or loss on straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization is charged from the month in which the asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed of. Intangible asset is amortized over a period of three years.

The Company assesses at each reporting date whether there is any indication that intangible asset may be impaired. If such indication exists, the carrying amount of such asset is reviewed to assess whether it is recorded in excess of its recoverable amount. When carrying value exceeds the respective recoverable amount, asset is written down to its recoverable amount and resulting impairment is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. When an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

## 2.10 IFRS 9 'Financial Instruments'

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'Expected Credit Loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted.



# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

For receivables, a simplified approach to measure expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

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**

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, Fair Value Through Profit or Loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, FVTPL and Fair Value Through Other Comprehensive Income (FVTOCI).

#### Investments and other financial assets

a) **Classification**

From 01 July 2018, 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 investments 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. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### 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:

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

## 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 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.

## Financial liabilities

### Classification and measurement

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities, and therefore no change in the classification and measurement of financial liabilities.

### iii) Impairment of financial assets

From 01 July 2018, 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

## 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.

### vi) Impacts of adoption of IFRS 9 on these financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

#### Financial assets (01 July 2018)

(Rupees in '000')	Available for sale	FVTOCI	Total Financial assets
Opening balance (before reclassification)	3,830,637	-	3,830,637
Adjustment on adoption of IFRS 9 reclassification of equity investments from available for sale to FVTOCI	(3,830,637)	3,830,637	-
Opening balance (after reclassification)	-	3,830,637	3,830,637

#### Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of following financial assets of the Company were changed:

(Rupees in '000')	Measurement category		Carrying amounts		
	Previously reported under (IAS 39)	New (IFRS 9)	Previously reported under (IAS 39)	New (IFRS 9)	Difference
<b>Non-current financial assets</b>					
Long term investments	Available for sale	FVTOCI	3,736,188	2,957,751	778,437
Long term loans and advances	Loans and receivables	Amortized cost	1,082	1,082	-
Long term deposits and prepayments	Loans and receivables	Amortized cost	5,208	5,208	-

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

(Rupees in '000')	Measurement category		Carrying amounts		
	Previously reported under	New	Previously reported under	New	Difference
	(IAS 39)	(IFRS 9)	(IAS 39)	(IFRS 9)	
Current financial assets					
Trade debts	Loans and receivables	Amortized cost	2,346,338	2,346,338	-
Loans and advances	Loans and receivables	Amortized cost	2,427	2,427	-
Short term deposits and prepayments	Loans and receivables	Amortized cost	58,659	58,659	-
Accrued interest	Loans and receivables	Amortized cost	3,181	3,181	-
Other receivables	Loans and receivables	Amortized cost	768,093	768,093	-
Short term investments	Available for sale	FVTOCI	94,449	872,886	(778,437)
Cash and bank balances	Loans and receivables	Amortized cost	3,413	3,413	-

There was no change in categorization of financial liabilities of the Company.

## 2.11 Inventories

Inventories, except for stock in transit and waste materials, are stated at lower of cost and 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. 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 stated at invoice amount plus other charges paid thereon.

### Stock-in-trade

Stock of raw materials, except for stock-in-transit, is valued principally at the lower of weighted average cost and net realizable value.

Stocks-in-transit are valued at cost comprising invoice value plus other charges paid thereon.

Cost of work-in-process and finished goods comprises of cost of direct materials, labour and appropriate manufacturing overheads.

Stock of waste materials is stated at net realizable value.

## 2.12 Cash and cash equivalents

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

## 2.13 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

## 2.14 Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalized as an asset and amortized over the contract period. These are further elaborated hereunder:

### i) Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

### 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

## Rent

Revenue is recognized when rent is accrued.

## Sale of electricity

Revenue from sale of electricity is recognized at time of transmission

## 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.

## v) Impacts of adoption of IFRS 15 on these financial statements as on 01 July 2018

The Company has assessed that significant performance obligations in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard. Moreover there was no impact on the figures of statement of financial position as at 01 July 2018 due to adoption of IFRS 15.

## 2.15 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

## 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 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. They are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the statement of profit or loss.

## 2.18 Borrowing cost

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

## 2.19 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.

## 2.20 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 reporting 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.

## 2.21 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

## 2.22 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 Chief Executive Officer 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 Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company's reportable business segments comprise of Spinning (Producing different quality of yarn using natural and artificial fibers), Weaving (Producing different quality of greige fabric using yarn), Processing and Home Textile (Processing greige fabric for production of printed and dyed fabric and manufacturing of home textile articles) and Power Generation (Generating and distributing power).

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.

## 2.23 Earnings per share

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

## 2.24 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.

## 2.25 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

## 3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2019 (Number of Shares)	2018 (Number of Shares)		2019 (Rupees in '000')	2018 (Rupees in '000')
50 571 213	50 571 213	Ordinary shares of Rupees 10 each fully paid in cash	505,712	505,712
29 428 787	29 428 787	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	294,288	294,288
80 000 000	80 000 000		800,000	800,000

### 3.1 Ordinary shares of the Company held by related parties:

(Number of Shares)	2019	2018
The Crescent Textile Mills Limited-Employees Provident Fund-Trustee	4 878 002	7 378 002
Suraj Cotton Mills Limited	1 648 500	1 648 500
Premier Insurance Limited	755 985	755 985
Crescent Group (Private) Limited	110	110
Shakarganj Limited	5 898	5 898
	7 288 495	9 788 495

(Rupees in '000')	2019	2018
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## 4. RESERVES

Composition of reserves is as follows:

### 4.1 Capital reserves

Premium on issue of right shares (Note 4.2.1)	200,169	200,169
Fair value reserve of available for sale investments	-	1,225,974
Fair value reserve of investments at FVTOCI (Note 4.2.2)	523,811	-
Surplus on revaluation of operating fixed assets - net of deferred income tax (Note 5))	3,567,457	3,567,516
	4,291,437	4,993,659

### 4.2 Revenue reserves

Dividend equalization reserve (Note 4.2.3)	-	30,000
General reserve	1,803,643	1,773,643
Unappropriated profit	1,011,655	773,027
	2,815,298	2,576,670
	7,106,735	7,570,329

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

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

4.2.2 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:

	Fair value reserve of FVTOCI Investments	Fair value reserve of available for sale investments
Balance as at 01 July	1,225,974	2,719,389
Fair value adjustment during the year	(705,126)	(1,493,415)
	520,848	1,225,974
Deferred income tax relating to investments at fair value through other comprehensive income	2,963	-
Balance as at 30 June	523,811	1,225,974

4.2.3 This reserve has been transferred to 'General Reserve' following the approval of the Board of Directors of the Company in their meeting held on 28 February 2019.

## 5. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS - NET OF DEFERRED INCOME TAX

Surplus on revaluation of operating fixed assets as at 01 July	3,567,927	3,575,519
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred income tax	39	41
Surplus transferred to unappropriated profit on sale of freehold land	-	7,546
Related deferred income tax liability	6	5
	45	7,592
	3,567,882	3,567,927
Less:		
Deferred income tax liability as at 01 July	411	411
Adjustment of deferred income tax liability due to re-assessment at year end	20	5
Incremental depreciation charged during the year transferred to the statement of profit or loss	(6)	(5)
	425	411
	3,567,457	3,567,516

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

- 5.1 This represents surplus resulting from revaluation of freehold land and leasehold land carried out on 30 June 2017 by Messrs Hamid Mukhtar and Company (Private) Limited, an independent valuer enrolled on panel of the State Bank of Pakistan (SBP) as per the basis stated in Note 11.1.1 to the financial statements. Previously revaluation was carried out on 30 June 2013 and 30 June 2007 by an independent valuer.

(Rupees in '000')	2019	2018
6.1 LONG TERM FINANCING		
From banking companies - secured (Note 6.1)	1,395,071	1,103,109
Less: Current portion shown under current liabilities	274,858	258,038
	1,120,213	845,071

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

6.1	LENDER	2019	2018	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	DATE OF REPAYMENT OF FIRST INSTALLMENT	INTEREST PAYABLE	SECURITY
	(Rupees in '000')							
	Pak Libya Holding Company (Private) Limited	12,500	37,500	3 months KIBOR plus 2.75 % without any floor or cap	16 equal quarterly installments	03 January 2016	Quarterly	Joint pari passu charge over fixed and current assets of the Company.
	Pak Libya Holding Company (Private) Limited	87,500	137,500	SBP rate for LTFF plus 2.50%	16 equal quarterly installments	11 June 2017	Quarterly	Joint pari passu charge over fixed and current assets of the Company.
	The Bank of Punjab	23,700	33,180	SBP rate for LTFF plus 2.50%	20 equal quarterly installments	31 March 2017	Quarterly	Joint pari passu charge over fixed assets of the Company.
	The Bank of Punjab	33,779	45,039	SBP rate for LTFF plus 2.50%	20 equal quarterly installments	20 July 2017	Quarterly	Joint pari passu charge over fixed assets of the Company.
	The Bank of Punjab	28,285	37,714	SBP rate for LTFF plus 2.50%	20 equal quarterly installments	26 August 2017	Quarterly	Joint pari passu charge over fixed assets of the Company.
	The Bank of Punjab	69,411	89,243	SBP rate for LTFF plus 2.50%	20 equal quarterly installments	20 January 2018	Quarterly	Joint pari passu charge over fixed assets of the Company.
	National Bank of Pakistan	32,846	41,059	SBP rate for LTFF plus 2.50%	12 equal half yearly installments	27 September 2017	Half yearly	Joint pari passu charge over fixed assets of the Company.
	National Bank of Pakistan	31,195	38,994	SBP rate for LTFF plus 2.50%	12 equal half yearly installments	11 October 2017	Half yearly	Joint pari passu charge over fixed assets of the Company.
	National Bank of Pakistan	9,973	12,466	SBP rate for LTFF plus 2.50%	12 equal half yearly installments	11 October 2017	Half yearly	Joint pari passu charge over fixed assets of the Company.
	National Bank of Pakistan	5,998	7,499	SBP rate for LTFF plus 2.50%	12 equal half yearly installments	25 November 2017	Half yearly	Joint pari passu charge over fixed assets of the Company.
	National Bank of Pakistan	16,747	20,935	SBP rate for LTFF plus 2.50%	12 equal half yearly installments	05 December 2017	Half yearly	Joint pari passu charge over fixed assets of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

6.1	LENDER	2019	2018	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	DATE OF REPAYMENT OF FIRST INSTALLMENT	INTEREST PAYABLE	SECURITY
	(Rupees in '000')							
	National Bank of Pakistan	153,282	187,344	SBP rate for LTFF plus 2.50%	12 equal half yearly installments	13 January 2018	Half yearly	Joint pari passu charge over fixed assets of the Company.
	National Bank of Pakistan	169,119	206,701	SBP rate for LTFF plus 2.50%	12 equal half yearly installments	25 January 2018	Half yearly	Joint pari passu charge over fixed assets of the Company.
	National Bank of Pakistan	18,481	22,588	SBP rate for LTFF plus 2.50%	12 equal half yearly installments	26 January 2018	Half yearly	Joint pari passu charge over fixed assets of the Company.
	National Bank of Pakistan	14,452	17,664	SBP rate for LTFF plus 2.50%	12 equal half yearly installments	26 January 2018	Half yearly	Joint pari passu charge over fixed assets of the Company.
	National Bank of Pakistan	46,320	56,611	SBP rate for LTFF plus 2.50%	12 equal half yearly installments	07 February 2018	Half yearly	Joint pari passu charge over fixed assets of the Company.
	National Bank of Pakistan	34,548	42,225	SBP rate for LTFF plus 2.50%	12 equal half yearly installments	14 February 2018	Half yearly	Joint pari passu charge over fixed assets of the Company.
	National Bank of Pakistan	23,720	28,991	SBP rate for LTFF plus 2.50%	12 equal half yearly installments	23 April 2018	Half yearly	Joint pari passu charge over fixed assets of the Company.
	National Bank of Pakistan	33,214	39,856	SBP rate for LTFF plus 2.50%	12 equal half yearly installments	29 December 2018	Half yearly	Joint pari passu charge over fixed assets of the Company.
	Pak Libya Holding Company (Private) Limited	173,724	-	Pak Libya's spread 2% plus SBP's spread 2%	20 equal quarterly installments	23 December 2020	Quarterly	Joint pari passu charge over fixed and current assets of the Company.
	Pak Libya Holding Company (Private) Limited	26,277	-	3 months KIBOR plus 2.5% without any floor	20 equal quarterly installments	10 June 2021	Quarterly	Joint pari passu charge over fixed and current assets of the Company.
	The Bank of Punjab	33,238	-	SBP rate for LTFF plus 2.50%	20 equal quarterly installments	27 March 2020	Quarterly	First pari passu charge over present and future fixed assents of the company.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

6.1	LENDER	2019	2018	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	DATE OF REPAYMENT OF FIRST INSTALLMENT	INTEREST PAYABLE	SECURITY
(Rupees in '000')								
	The Bank of Punjab	40,500	-	SBP rate for LTFF plus 2.50%	20 equal quarterly installments	27 March 2020	Quarterly	First pari passu charge over present and future fixed assets of the company.
	The Bank of Punjab	162,681	-	SBP rate for LTFF plus 2.50%	20 equal quarterly installments	27 March 2020	Quarterly	First pari passu charge over present and future fixed assets of the company.
	The Bank of Punjab	113,581	-	SBP rate for LTFF plus 2.50%	20 equal quarterly installments	03 May 2020	Quarterly	First pari passu charge over present and future fixed assets of the company.
		1,395,071	1,103,109					

(Rupees in '000')		2019	2018
7.	TRADE AND OTHER PAYABLES		
	Creditors (Note 7.1)	698,931	719,653
	Accrued liabilities	1,104,988	742,525
	Advances from customers	32,176	8,879
	Payable to Employees' Provident Fund Trust	5,182	4,547
	Retention money payable	1,526	1,615
	Income tax deducted at source	6,544	6,674
	Sales tax deducted at source	417	806
	Workers' profit participation fund (Note 7.2)	14,797	2,531
	Other payables	1,036	914
		1,865,597	1,488,144
7.1	These include amounts due to the following related parties.		
	Suraj Cotton Mills Limited	-	13,251
	Premier Insurance Limited	3,244	5,509
		3,244	18,760
7.2	Workers' profit participation fund		
	Balance as on 01 July	2,531	3,028
	Interest for the year (Note 32)	57	-
	Provision for the year (Note 30)	12,294	535
		14,882	3,563
	Less: Payments during the year	85	1,032
	Balance as on 30 June	14,797	2,531

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

7.2.1 Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

(Rupees in '000')	2019	2018
<b>8. ACCRUED MARK-UP</b>		
Long term financing	16,481	12,758
Short term borrowings	103,459	72,838
	119,940	85,596
<b>9. SHORT TERM BORROWINGS</b>		
From banking companies - secured		
Short term finances (Note 9.1 and Note 9.4)	2,116,351	1,501,914
State Bank of Pakistan (SBP) refinance (Note 9.2 and Note 9.4)	3,092,000	3,205,000
Short term foreign currency finances (Note 9.3 and Note 9.4)	727,306	1,709,877
	5,935,657	6,416,791

9.1 The finances aggregating to Rupees 2,528 million (2018: Rupees 1,806 million) are available from banking companies under mark-up agreements and carry mark up ranging from KIBOR plus 1.50 to 2.50 percent (2018: KIBOR plus 1.50 to 3.00 percent) per annum.

9.2 Export refinances have been obtained from banking companies under SBP's refinance scheme on which service charges at the rate of 2.90 to 3.00 percent (2018: 2.90 to 3.00 percent) per annum are payable. These form part of aggregate borrowing limits of Rupees 3,092 million (2018: Rupees 3,205 million).

9.3 Short term foreign currency finances amounting to Rupees 1,083 million (2018: Rupees 2,031 million) are available at mark-up ranging from LIBOR plus 1.50 to 3.00 percent (2018: LIBOR plus 0.80 to 3.00 percent) per annum.

9.4 The aggregate short term finances from banking companies are secured by way of joint pari passu charge over fixed and current assets of the Company.

## 10. CONTINGENCIES AND COMMITMENTS

### a) Contingencies

i) Guarantees of Rupees 199.073 million (2018: Rupees 199.764 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections and Faisalabad Electric Supply Company Limited against electricity connections.

ii) Guarantee of Rupees 2.000 million (2018: Rupees 2.000 million) is given by the bank of the Company to Total Parco Pakistan Limited against fuel cards.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

- iii) Post dated cheques of Rupees 318.875 million (2018: Rupees 260.840 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) Commissioner Inland Revenue has filed appeal vide writ petition no. CA 662/2013 filed on 13 June 2013 with Honorable Supreme Court of Pakistan for the recovery of sales tax liabilities on account of various provisions of Sales Tax Act, 1990. In case of adverse decision, the Company may face tax liability of Rupees 9.606 million (2018: Rupees 9.606 million). The Company's management is confident that appeals are likely to be dismissed.
- 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 (2018: 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 entered into an agreement to purchase land from Faisalabad Industrial Estate Development and Management Company (FIEDMC) in financial year 2015-16 against an amount of Rupees 331.971 million. However the Company deposited Rupees 49.911 million (Note 11.2) in the first year and no payment has been made since last three years. As per the management of the Company, FIEDMC has not given clean possession of land as per their commitment. FIEDMC is demanding the installments on due dates along with late payment surcharge on the overdue installments. Therefore the Company has filed a case in Civil Court, Faisalabad in November 2018 against FIEDMC for removal of water courses, electric poles and SCARP tubewell from the land given to the Company and to provide a new possession letter with revised payment schedule. The Company's management is confident that the outcome of the case will be in Company's favor.
- b) Commitments
- i) Contracts for capital expenditure are of Rupees 302.884 million (2018: Rupees 789.011 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 460.319 million (2018: Rupees 120.823 million).
- iii) Ijarah (operating lease) commitments are of Rupees 72.197 million (2018: Rupees Nil).

The total of future ijarah payments under arrangement are as follows:

(Rupees in '000')	2019	2018
Not later than one year	30,942	-
Later than one year and not later than five years	41,255	-
	72,197	-



# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

	(Rupees in '000')	2019	2018
11.	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets (Note 11.1)	6,618,899	6,253,403
	Capital work-in-progress (Note 11.2)	107,863	74,735
		6,726,762	6,328,138

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

## 11.1 Operating fixed assets

(Rupees in '000')	Owned Assets											Total
	Land-Freehold	Land-Leasehold	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Factory tools and equipment	Gas and electric installations	Vehicles	Furniture and fixtures	Office equipment	Stand-by equipment	
At 30 June 2017												
Cost / revalued amount	3,577,789	8,441	407,143	112,031	5,545,602	26,241	99,118	49,174	7,247	33,921	113,523	9,980,230
Accumulated depreciation	-	(1,441)	(264,177)	(50,025)	(3,018,143)	(19,446)	(64,075)	(26,404)	(5,655)	(29,307)	(105,492)	(3,584,165)
Net book value	3,577,789	7,000	142,966	62,006	2,527,459	6,795	35,043	22,770	1,592	4,614	8,031	6,396,065
Year ended 30 June 2018												
Opening net book value	3,577,789	7,000	142,966	62,006	2,527,459	6,795	35,043	22,770	1,592	4,614	8,031	6,396,065
Additions	-	-	-	18,747	126,059	4,476	1,434	20,948	-	4,372	-	176,036
Disposals:												
Cost / revalued amount	(8,024)	-	-	-	(52,967)	-	-	(4,207)	-	-	-	(65,198)
Accumulated depreciation	-	-	-	-	39,151	-	-	3,707	-	-	-	42,858
	(8,024)	-	-	-	(13,816)	-	-	(500)	-	-	-	(22,340)
Depreciation charge	-	(95)	(12,721)	(6,610)	(257,611)	(2,077)	(7,118)	(6,278)	(318)	(2,727)	(803)	(296,358)
Closing net book value	3,569,765	6,905	130,245	74,143	2,382,091	9,194	29,359	36,940	1,274	6,259	7,228	6,253,403
At 30 June 2018												
Cost / revalued amount	3,569,765	8,441	407,143	130,778	5,618,694	30,717	100,552	65,915	7,247	38,293	113,523	10,091,068
Accumulated depreciation	-	(1,536)	(276,898)	(56,635)	(3,236,603)	(21,523)	(71,193)	(28,975)	(5,973)	(32,034)	(106,295)	(3,837,665)
Net book value	3,569,765	6,905	130,245	74,143	2,382,091	9,194	29,359	36,940	1,274	6,259	7,228	6,253,403
Year ended 30 June 2019												
Opening net book value	3,569,765	6,905	130,245	74,143	2,382,091	9,194	29,359	36,940	1,274	6,259	7,228	6,253,403
Segregation in proper heads												
Cost	-	-	-	-	(1,675)	-	-	-	-	-	1,675	-
Accumulated depreciation	-	-	-	-	694	-	-	-	-	-	(694)	-
	-	-	-	-	(981)	-	-	-	-	-	981	-
Additions	-	-	-	-	653,476	-	3,246	34,047	-	7,420	-	698,189
Disposals:												
Cost	-	-	(987)	(4,157)	(176,543)	-	-	(9,599)	-	-	(1,675)	(192,961)
Accumulated depreciation	-	-	926	4,075	145,776	-	-	6,823	-	-	760	158,360
	-	-	(61)	(82)	(30,767)	-	-	(2,776)	-	-	(915)	(34,601)
Depreciation charge	-	(95)	(11,525)	(6,744)	(254,786)	(1,839)	(6,210)	(10,236)	(255)	(5,614)	(788)	(298,092)
Closing net book value	3,569,765	6,810	118,659	67,317	2,749,033	7,355	26,395	57,975	1,019	8,065	6,506	6,618,899
At 30 June 2019												
Cost / revalued amount	3,569,765	8,441	406,156	126,621	6,093,952	30,717	103,798	90,363	7,247	45,713	113,523	10,596,296
Accumulated depreciation	-	(1,631)	(287,497)	(59,304)	(3,344,919)	(23,362)	(77,403)	(32,388)	(6,228)	(37,648)	(107,017)	(3,977,397)
Net book value	3,569,765	6,810	118,659	67,317	2,749,033	7,355	26,395	57,975	1,019	8,065	6,506	6,618,899
Annual rate of depreciation (%)	-	1.01	5.10	5.10	10	20	20	20	20	50	10	

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

11.1.1 Land situated at Faisalabad granted to the Company by the Government of Punjab in 1958 under Land Acquisition Act, 1894 for the specific purpose of using it as an industrial undertaking had been revalued by taking into account conditions specified under various directives of the Government, whereas land situated other than Faisalabad was revalued using the present market value by an independent valuer, Messrs Hamid Mukhtar and Company (Private) Limited as on 30 June 2017. Previously land of the Company was revalued on 30 June 2013 and 30 June 2007 by Messrs Hamid Mukhtar and Company (Private) Limited. Forced sale value of freehold land and leasehold land as per the last revaluation carried out on 30 June 2017 was Rupees 2,855.812 million and Rupees 5.600 million respectively.

11.1.2 If the freehold land and leasehold land were measured using the cost model, the carrying amount would be as follows:

(Rupees in '000')	2019			2018		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Land - Freehold	5,293	-	5,293	5,293	-	5,293
Land - Leasehold	4,719	1,319	3,400	4,719	1,269	3,450
	10,012	1,319	8,693	10,012	1,269	8,743

11.1.3 Fixed assets of the Company with carrying amount of Rupees 6,561 million (2018: Rupees 6,215 million) are subject to first pari passu charge to secured bank borrowings.

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

(Rupees in '000')	2019	2018
Cost of sales (Note 27)	281,639	285,087
Administrative expenses (Note 29)	16,453	11,271
	298,092	296,358

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

Particulars	Location	Area Acres	Covered area Sq. Ft.
Manufacturing facility	Sargodha Road, Faisalabad, Punjab.	114.05	1 742 888
Manufacturing facility	Phase-III Industrial Estate Hattar, Tehsil Khanpur, District Haripur, Khyber Pakhtunkhwa.	10.00	119 808
Guest House	Pindi Point, Murree, Punjab.	2.99	5 429

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

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

Description	Qty	Cost	Accumulated depreciation	Net book value	Sale proceeds	(Loss) / gain	Mode of disposal	Particulars of purchasers
(Rupees in '000')								
Plant and machinery								
Artos Babcock								
Continuous Dyeing								
Range	1	25,258	23,609	1,649	2,800	1,151	Negotiation	Meharban Traders, Faisalabad
Toyoda Air Jet Looms	24	78,768	64,090	14,678	13,500	(1,178)	Negotiation	Aftab Brothers, Faisalabad
Multimixer 06 Chamber	1	1,328	614	714	800	86	Negotiation	Iftikhar Toor, Faisalabad
Simplex Frame	2	8,134	6,807	1,327	1,415	88	Negotiation	Muhammad Azam, Faisalabad
Marshal and William								
Stenter Machine	1	38,928	31,239	7,689	7,700	11	Negotiation	Ghulam Murtaza, Faisalabad
Mercerizing Range	1	13,945	10,885	3,060	1,400	(1,660)	Negotiation	Ghulam Murtaza, Faisalabad
		166,361	137,244	29,117	27,615	(1,502)		
Stand-by equipment								
Diesel Generator								
Caterpillar 3406	1	1,675	760	915	1,200	285	Negotiation	Javed Anjum, Faisalabad
Vehicles								
Suzuki Wagon								
R FDA-18-421	1	1,069	158	911	-	(911)	Company's policy	Family of Mr. Zahoor ul Haq, Jhang (Company's ex-employee)
Suzuki Cultus								
FDA-17-439	1	1,258	313	945	1,125	180	Company's policy	Mr. Fahad Sharif, Faisalabad (Company's employee)
		2,327	471	1,856	1,125	(731)		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000								
		22,598	19,885	2,713	16,770	14,057		
		192,961	158,360	34,601	46,710	12,109		

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

	(Rupees in '000')	2019	2018
11.2	Capital work-in-progress		
	Buildings on freehold land	31,606	19,145
	Plant and machinery	12,214	164
	Advance against purchase of vehicles	1,359	2,470
	Advance against office equipment	908	630
	Advance against purchase of land	49,911	49,911
	Advance against Enterprise Resource Planning (ERP) implementation	11,865	2,415
		107,863	74,735
12.	INTANGIBLE ASSET		
	Computer Software		
	Net carrying value basis		
	Opening net book value	12,139	18,472
	Amortization (Note 29)	(6,333)	(6,333)
	Closing net book value	5,806	12,139
	Gross carrying amount		
	Cost	19,000	19,000
	Accumulated amortization	(13,194)	(6,861)
	Closing net book value	5,806	12,139
	Amortization rate (per annum)	33.33%	33.33%
13.	LONG TERM INVESTMENTS		
	Equity instruments (Note 13.1)	3,599,653	3,736,188
	Debt instruments (Note 13.2)	192,543	-
		3,792,196	3,736,188

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

(Rupees in '000')	2019	2018
Equity instruments		
At fair value through other comprehensive income		
Related parties - Quoted		
Crescent Jute Products Limited 2 738 637 (2018: 2 738 637) fully paid ordinary shares of Rupees 10 each. Equity held 11.52% (2018: 11.52%)	-	1,123
Shams Textile Mills Limited 812 160 (2018: 812 160) fully paid ordinary shares of Rupees 10 each. Equity held 9.40% (2018: 9.40%)	4,629	4,629
Premier Insurance Limited 141 573 (2018: 141 573) fully paid ordinary shares of Rupees 10 each. Equity held 0.28% (2018: 0.28%)	35	35
Shakarganj Limited 9 019 690 (2018: 9 019 690) fully paid ordinary shares of Rupees 10 each. Equity held 7.22% (2018: 7.22%)	118,623	118,623
Others		
Quoted		
Crescent Steel and Allied Products Limited 8 538 303 (2018: 8 538 303) fully paid ordinary shares of Rupees 10 each. Equity held 11% (2018: 11%) (Note 24.1)	-	190,669
Crescent Cotton Mills Limited 1 034 499 (2018: 1 034 499) fully paid ordinary shares of Rupees 10 each. Equity held 4.56% (2018: 4.56%)	5,124	5,124
Jubilee Spinning and Weaving Mills Limited 182 629 (2018: 182 629) fully paid ordinary shares of Rupees 10 each. Equity held 0.56% (2018: 0.56%)	213	213
Crescent Fibres Limited 351 657 (2018: 351 657) fully paid ordinary shares of Rupees 10 each. Equity held 2.83% (2018: 2.83%)	2,162	2,162

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

(Rupees in '000')	2019	2018
Unquoted		
Crescent Bahuman Limited 26 926 433 (2018: 26 926 433) fully paid ordinary shares of Rupees 10 each. Equity held 19.80% (2018: 19.80%)	269,264	269,264
197 600 000 (2018: 197 600 000) fully paid preference shares of Rupees 10 each. Equity held 73.37% (2018: 73.37%) (Note 13.1.1)	1,976,000	1,976,000
Dividend receivable (Note 23.2)	864,500	-
	2,840,500	1,976,000
Premier Financial Services (Private) Limited 500 (2018: 500) fully paid ordinary shares of Rupees 1,000 each. Equity held 2.22% (2018: 2.22%)	500	500
Cresox (Private) Limited 4 199 792 (2018: 4 199 792) fully paid ordinary shares of Rupees 10 each. Equity held 11.66% (2018: 11.66%)	-	-
	3,241,050	2,568,342
Less: Impairment loss charged to statement of profit or loss	-	(1,123)
Add: Fair value adjustment	358,603	1,168,969
	3,599,653	3,736,188

13.1.1 This represents unlisted non-voting cumulative and participatory preference shares carrying preference dividend at the rate of 5 percent per annum issued by Crescent Bahuman Limited. In September 2019, all outstanding preferences shares along with accumulated dividends will be converted into non-voting ordinary shares at a price of Rupees 10 per ordinary share.

(Rupees in '000')	2019	2018
13.2 Debt instruments		
At amortized cost		
Sales tax refund bonds (Note 13.2.1) 1 914 (2018: Nil) bonds of Rupees 100,000 each	191,400	-
Add: Accrued interest (Note 31)	1,143	-
	192,543	-

13.2.1 These represent investment in sales tax refund bonds issued by Federal Board of Revenue (FBR) Refund Settlement Company Limited, under section 67A of Sales Tax Act, 1990 against sales tax refund payment orders issued in favour of the Company. These bonds have maturity period of 3 years.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

(Rupees in '000')	2019	2018
<b>14. LONG TERM LOANS AND ADVANCES</b>		
Considered good:		
Employees	2,320	3,509
Less: Current portion shown under current assets (Note 20)	1,820	2,427
	500	1,082
14.1	These represent interest free loans against household items given to employees and are secured against balance to the credit of employees in the provident fund trust. These are recoverable in equal monthly installments.	
14.2	The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loan is not considered material and hence not recognized.	
<b>15. LONG TERM DEPOSITS AND PREPAYMENTS</b>		
Security deposits	23,958	5,208
Prepayments	7,230	6,041
	31,188	11,249
Less: Current portion shown under current assets (Note 21)	1,226	973
	29,962	10,276
<b>16. DEFERRED INCOME TAX ASSET</b>		
Taxable temporary differences on		
Tax depreciation allowance	(176,200)	(152,091)
Surplus on revaluation of operating fixed assets	(425)	(411)
	(176,625)	(152,502)
Deductible temporary differences on		
Provision for doubtful receivables	13,282	10,356
Fair value reserve of investments	2,963	-
Unused tax losses and minimum tax	263,286	269,966
	279,531	280,322
Deferred income tax asset	102,906	127,820
<b>17. STORES, SPARE PARTS AND LOOSE TOOLS</b>		
Stores (Note 17.1)	237,805	175,531
Spare parts	27,348	22,443
Loose tools	204	56
	265,357	198,030



# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

17.1 These include stores in transit of Rupees 60.593 million (2018: Rupees 11.424 million).

(Rupees in '000')	2019	2018
<b>18. STOCK-IN-TRADE</b>		
Raw materials (Note 18.1)	575,072	950,283
Work-in-process	142,034	159,243
Finished goods (Note 18.2)	1,563,676	1,467,953
Waste	3,886	11,479
	<b>2,284,668</b>	<b>2,588,958</b>

18.1 Raw materials include stock in transit of Rupees 37.130 million (2018: Rupees 74.822 million).

18.2 Finished goods include stock in transit of Rupees 244.780 million (2018: Rupees 150.260 million) and stock with third parties amounting to Rupees 210.772 million (2018: Rupees 289.480 million).

18.3 Stock-in-trade of Rupees 3.886 million (2018: Rupees 11.479 million) is being carried at net realizable value.

## 19. TRADE DEBTS

Considered good:		
Secured		
Against confirmed letters of credit - secured	637,599	305,901
Unsecured		
Related party (Note 19.1)	4,857	1,547
Others - against contract	2,005,369	2,038,890
	2,010,226	2,040,437
	<b>2,647,825</b>	<b>2,346,338</b>
Allowance for Expected Credit Losses (ECLs):		
Others - unsecured	41,203	41,203
Less: Allowance for ECL	(41,203)	(41,203)
	-	-

19.1 As at 30 June 2019, trade debts due from the related party, Suraj Cotton Mills Limited are amounting to Rupees 4.857 million (2018: Rupees 1.547 million). The ageing analysis of these trade debts is as follows:

Upto 1 month	4,717	1,547
1 to 6 months	140	-
	<b>4,857</b>	<b>1,547</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

19.1.1 The maximum aggregate amount due from the related party at the end of any month during the year was Rupees 25.638 million (2018: Rupees 5.477 million).

19.2 As at 30 June 2019, trade debts receivable from other than the related party are aggregating to Rupees 2,642.968 million (2018: Rupees 2,344.791 million) which are 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:

(Rupees in '000')	2019	2018
Not yet due	1,751,950	1,512,491
Upto 1 month	142,718	170,587
1 to 6 months	43,104	36,726
More than 6 months	705,196	624,987
	2,642,968	2,344,791

## 20. LOANS AND ADVANCES

Considered good:		
Employees against expenses	486	280
Current portion of long term loans and advances (Note 14)	1,820	2,427
Advances to suppliers	14,460	6,015
Letters of credit	720	498
Income tax	736,174	677,818
	753,660	687,038
Considered doubtful:		
Advances to suppliers	589	589
Less: Provision for doubtful loans and advances	(589)	(589)
	-	-
	753,660	687,038

## 21. SHORT TERM DEPOSITS AND PREPAYMENTS

Considered good:		
Margin deposits	69,077	58,659
Prepayments	670	1,082
Current portion of long term deposits and prepayments (Note 15)	1,226	973
	70,973	60,714

## 22. ACCRUED INTEREST

This includes interest receivable from Crescent Bahuman Limited on overdue receivable balance.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

(Rupees in '000')	2019	2018
<b>23. OTHER RECEIVABLES</b>		
Considered good:		
Due from related party (Note 23.1)	109	-
Export rebate and claims	59,835	53,786
Duty drawback	131,574	302,402
Sales tax and special excise duty refundable	98,519	292,041
Dividend receivable (Note 23.2)	-	765,700
Miscellaneous	554	2,393
	290,591	1,416,322
Considered doubtful:		
Export rebate, sales tax and special excise duty refundable	64,723	45,307
Less: Provision for doubtful other receivables		
As at 01 July	45,307	44,308
Add: Provision made during the year (Note 30)	19,416	999
As at 30 June	64,723	45,307
	-	-
	290,591	1,416,322

23.1 This represented amounts due from Shams Textile Mills Limited. The ageing analysis was as follows:

Upto 1 month	55	-
1 to 6 months	54	-
	109	-

23.1.1 The maximum aggregate amount due from the related party at the end of any month during the year is Rupees 0.225 million (2018: Rupees 0.221 million).

23.2 Accumulated preference dividend on the preference shares of Crescent Bahuman Limited (CBL) amounting to Rupees 864.500 million has been transferred to the investment in preference shares of CBL (Note 13.1) as the dividend along with preference shares will be converted into non-voting ordinary shares in September 2019.

## 24. SHORT TERM INVESTMENT

At fair value through other comprehensive income		
Others - quoted		
Samba Bank Limited		
12 346 238 (2018: 12 346 238) fully paid ordinary shares of Rupees 10 each. Equity held 1.22% (2018: 1.22%)	37,444	37,444

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

(Rupees in '000')	2019	2018
Crescent Steel and Allied Products Limited 8 538 303 (2018: 8 538 303) fully paid ordinary shares of Rupees 10 each. Equity held 11% (2018: 11%)	190,669	-
	228,113	37,444
Add: Fair value adjustment	162,245	57,005
	390,358	94,449
<b>25. CASH AND BANK BALANCES</b>		
With banks:		
On current accounts		
Including US\$ 1,579 (2018: US\$ 1,579)	2,412	1,995
Cash in hand	2,056	1,418
	4,468	3,413
<b>26. REVENUE</b>		
Local sales (Note 26.1)	5,625,858	5,375,577
Export sales	8,170,079	5,729,316
Export rebate	71,912	42,459
Duty drawback	78,295	166,907
	13,946,144	11,314,259
<b>26.1 Local sales</b>		
Sales	5,424,175	5,183,496
Waste	225,459	194,682
Processing income	3,482	4,204
Cold storage	4,016	13,631
	5,657,132	5,396,013
Less: Sales tax	31,274	20,436
	5,625,858	5,375,577

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

(Rupees in '000')	2019	2018
<b>27. COST OF SALES</b>		
Raw materials consumed (Note 27.1)	4,855,524	4,070,731
Cost of raw material sold	-	12,089
Cloth and yarn purchased	2,309,814	1,784,398
Stores, spare parts and loose tools consumed	868,666	660,983
Packing materials consumed	722,695	562,559
Processing and weaving charges	782,740	563,515
Salaries, wages and other benefits (Note 27.2)	1,034,857	961,484
Fuel and power	1,418,642	1,322,308
Repair and maintenance	33,948	29,705
Insurance	18,534	12,758
Depreciation (Note 11.1.4)	281,639	285,087
Other factory overheads (Note 27.3)	52,835	37,521
	12,379,894	10,303,138
Work-in-process		
Opening stock	159,243	131,695
Closing stock	(142,034)	(159,243)
	17,209	(27,548)
Cost of goods manufactured	12,397,103	10,275,590
Finished goods		
Opening stock	1,479,432	1,417,844
Closing stock	(1,567,562)	(1,479,432)
	(88,130)	(61,588)
	12,308,973	10,214,002
<b>27.1 Raw materials consumed</b>		
Opening stock	950,283	479,595
Add: Purchased during the year	4,480,313	4,541,419
	5,430,596	5,021,014
Less: Closing stock	(575,072)	(950,283)
	4,855,524	4,070,731

27.2 Salaries, wages and other benefits include provident fund contribution of Rupees 16.261 million (2018: Rupees 15.170 million) by the Company.

27.3 These include ijarah (operating lease) rentals amounting to Rupees 22.931 million (2018: Rupees Nil).

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

(Rupees in '000')	2019	2018
<b>28. DISTRIBUTION COST</b>		
Salaries, wages and other benefits (Note 28.1)	44,155	39,182
Freight and shipment	267,044	133,939
Postage	11,126	4,678
Duties and other charges	106,637	91,602
Commission to selling agents	247,425	195,182
Advertisement	2,146	3,607
	<b>678,533</b>	<b>468,190</b>

28.1 Salaries, wages and other benefits include provident fund contribution of Rupees 1.377 million (2018: Rupees 1.374 million) by the Company.

## 29. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits (Note 29.1)	232,594	205,079
Meeting fee to non-executive directors	560	800
Travelling, conveyance and entertainment	17,612	14,151
Rent, rates and taxes	2,815	2,857
Repair and maintenance	20,840	17,801
Insurance	1,412	1,127
Printing and stationery	3,284	2,024
Communication and advertisement	4,010	3,433
Subscription	12,242	8,588
Legal and professional	5,519	7,135
Auditor's remuneration (Note 29.2)	1,925	1,825
Amortization (Note 12)	6,333	6,333
Depreciation (Note 11.1.4)	16,453	11,271
Other charges	19,152	12,367
	<b>344,751</b>	<b>294,791</b>

29.1 Salaries, wages and other benefits include provident fund contribution of Rupees 7.409 million (2018: Rupees 6.233 million) by the Company.

## 29.2 Auditor's remuneration

Audit fee	1,500	1,400
Half yearly review	300	300
Other certification fees	75	75
Reimbursable expenses	50	50
	<b>1,925</b>	<b>1,825</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

(Rupees in '000')	2019	2018
<b>30. OTHER EXPENSES</b>		
Donations (Note 30.1 and Note 30.2)	9,869	11,587
Provision for doubtful other receivables (Note 23)	19,416	999
Workers' profit participation fund (Note 7.2)	12,294	535
Impairment loss on long term investment	-	1,123
	<b>41,579</b>	<b>14,244</b>

30.1 The Company has made donations exceeding Rupees 1 million or 10% of total donation, whichever is higher to following donees:

The Citizens Foundation	7,800	6,000
Crescent Educational Trust	-	2,500

30.2 None of the directors or their spouses had any interest in any of the donee except one director, Mr. Khalid Bashir who is member of Board of Trustees of Crescent Educational Trust.

## 31. OTHER INCOME

Income from financial assets		
Dividend income (Note 31.1)	109,350	150,632
Net exchange gain on export bills	142,276	112,114
Mark-up on overdue receivables (Note 31.2)	47,715	44,507
Interest income on sales tax refund bonds (Note 13.2)	1,143	-
	<b>300,484</b>	<b>307,253</b>
Income from non-financial assets		
Sale of empties and scrap	15,776	15,992
Rental income	1,913	1,532
Gain on sale of property, plant and equipment	12,109	69
	<b>29,798</b>	<b>17,593</b>
	<b>330,282</b>	<b>324,846</b>

### 31.1 Dividend income

From related parties:		
Shakarganj Limited	-	11,275
Shams Textile Mills Limited	1,909	-
	<b>1,909</b>	<b>11,275</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

(Rupees in '000')	2019	2018
From others:		
Crescent Bahuman Limited-Preference dividend	98,800	98,800
Crescent Steel and Allied Products Limited	8,538	40,557
Crescent Cotton Mills Limited	103	-
	107,441	139,357
	109,350	150,632

31.2 This relates to mark-up charged on overdue receivables from Crescent Bahuman Limited.

## 32. FINANCE COST

Mark up on:		
Long term financing	68,507	62,537
Short term borrowings	419,736	560,166
Interest on workers' profit participation fund (Note 7.2)	57	-
Bank charges and commission	18,450	15,000
	506,750	637,703

## 33. TAXATION

Charge for the year:		
Current (Note 33.1)	131,773	134,518
Prior year adjustment	(2,379)	(4,712)
	129,394	129,806
Deferred (Note 33.2)	27,857	(128,086)
	157,251	1,720

33.1 Provision for current taxation represents the tax deducted against export sales, minimum tax on local sales, tax on different heads of other income and tax credit available under the relevant provisions of the Income Tax Ordinance, 2001. Tax losses available as at 30 June 2019 are Rupees 706.563 million (2018: Rupees 664.740 million). Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not presented, being impracticable.

## 33.2 Deferred income tax effect due to:

Tax depreciation allowance	176,200	152,091
Unused tax losses and minimum tax	(263,286)	(269,966)
Provision for doubtful other receivables	(13,282)	(10,356)
Surplus on revaluation of operating fixed assets	425	411
	(99,943)	(127,820)



# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

(Rupees in '000')	2019	2018
(Opening balance as at 01 July	127,820	(261)
Adjustment of surplus on revaluation of operating fixed assets due to re-assessment at year end	(20)	(5)
	8,065	(128,086)
<b>34. EARNINGS PER SHARE - BASIC AND DILUTED</b>		
There is no dilutive effect on the basic earnings per share which is based on:		
Profit attributable to ordinary shareholders (Rupees in thousand)	238,589	8,455
Weighted average number of ordinary shares (Numbers)	80 000 000	80 000 000
Earnings per share (Rupees)	2.98	0.11
<b>35. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	395,840	10,175
Adjustments for non-cash charges and other items:		
Depreciation	298,092	296,358
Amortization	6,333	6,333
Gain on sale of property, plant and equipment	(12,109)	(69)
Dividend income	(109,350)	(150,632)
Interest income on sales tax refund bonds	(1,143)	-
Impairment loss on investment	-	1,123
Provision for doubtful other receivables	19,416	999
Provision for workers' profit participation fund	12,294	535
Finance cost	506,750	637,703
Working capital changes (Note 35.1)	429,763	(352,951)
	1,545,886	449,574
<b>35.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(67,327)	(6,500)
- Stock-in-trade	304,290	(559,824)
- Trade debts	(301,487)	(110,168)
- Loans and advances	(8,266)	7,649
- Short term deposits and prepayments	(10,259)	1,233
- Accrued interest	(1,590)	680
- Other receivables	149,215	(65,992)
	64,576	(732,922)
Increase in trade and other payables	365,187	379,971
	429,763	(352,951)

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

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

(Rupees in '000')	Long term financing	Short term borrowings	Total
Balance as at 01 July 2018	1,103,109	6,416,791	7,519,900
Financing obtained	550,001	-	550,001
Short term borrowings repaid - net	-	(481,134)	(481,134)
Repayment of financing	(258,039)	-	(258,039)
Balance as at 30 June 2019	1,395,071	5,935,657	7,330,728

## 36. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

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

(Rupees in '000')	Chief Executive Officer		Director		Executives	
	2019	2018	2019	2018	2019	2018
Managerial remuneration	7,200	7,200	9,000	4,200	86,541	81,811
Allowances						
House rent	3,240	3,240	4,050	1,890	20,118	20,172
Cost of living	-	-	-	-	127	132
Utilities	720	720	-	-	7,094	6,321
Medical	-	-	-	-	6,954	5,901
Special	-	-	-	-	7,017	5,967
Reimbursable expenses	2,916	1,870	3,288	-	6,804	5,988
Contribution to provident fund	450	450	563	263	5,609	4,355
	14,526	13,480	16,901	6,353	140,264	130,647
Number of persons	1	1	2	1	32	32

36.1 Certain executives are provided with rent free furnished accommodation and free use of Company maintained vehicles. The Chief Executive Officer and directors are provided with free use of the Company maintained vehicles.

36.2 Aggregate amount charged in the financial statements for meeting fee to six directors (2018: six directors) was Rupees 560,000 (2018: Rupees 800,000).

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

## 37. PROVIDENT FUND

As at the reporting date, The Crescent Textile Mills Limited - Employees Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan which allows transition period of three years for bringing the Trust in conformity with the requirements of the regulations.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

(Number of Persons)		2019	2018
38.	NUMBER OF EMPLOYEES		
	Number of employees as on 30 June	3 741	3 717
	Average number of employees during the year	3 727	3 713

## 39. 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 with related parties along with basis of relationship, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

(Rupees in '000')			2019	2018
Name of related party	Basis of relationship	Nature of transactions		
<i>Associated companies</i>				
Ideal Spinning Mills Limited (Note 39.2)	Common directorship	Purchase of goods	-	3,760
Premier Insurance Limited	Common directorship	Insurance premium paid	23,790	23,539
		Insurance claims received	-	755
Suraj Cotton Mills Limited	Common directorship	Purchase of goods	107,384	60,737
		Sale of goods	98,730	26,358
Shams Textile Mills Limited	Common directorship	Services provided	651	548
		Dividend received	1,909	-
Shakarganj Limited	Common directorship	Dividend received	-	11,275
<i>Other related parties</i>				
The Crescent Textile Mills Limited - Employees' Provident Fund Trust	Post employment benefit plan	Contribution paid	25,047	22,777
(Number of Shares)			2019	2018
<i>Associated companies</i>				
Premier Insurance Limited	Common directorship	Bonus shares received	-	12 870
Shakarganj Limited	Common directorship	Right shares subscribed	-	1 082 362

39.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, directors and executives is disclosed in Note 36.

39.2 Ideal Spinning Mills Limited has ceased to be the associated company in April 2018 due to elimination of common directorship.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

(Figures in '000')		2019	2018
40.	PLANT CAPACITY AND ACTUAL PRODUCTION		
	Spinning		
	100 % plant capacity converted to 20s count (Kgs.)	33 587	33 587
	Actual production converted to 20s count (Kgs.)	29 168	29 246
	Weaving		
	100 % plant capacity converted to 50 picks (Sq. Mtr.)	45 770	41 366
	Actual production converted to 50 picks (Sq. Mtr.)	34 275	32 717
	Dyeing, Finishing and Home Textile		
	The plant capacity of these divisions is indeterminable due to multi product plants involving varying processes of manufacturing and run length of order lots.		
	Power Plant		
	Generation capacity (MWH)	258	258
	Actual generation (MWH)	75	75

## 40.1 REASONS FOR LOW PRODUCTION

Under utilization of available capacity of textile facilities is mainly due to extended maintenance of installed machinery and installation period of BMR activities carried out during the year. Actual power generation in comparison to installed capacity is low due to utilization of electricity supplied by FESCO.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

## 4.1. SEGMENT INFORMATION

(Rupees in '000')	Spinning		Weaving		Processing & Home Textile	
	2019	2018	2019	2018	2019	2018
Revenue						
External	5,278,865	5,098,838	298,101	325,871	8,365,162	5,875,919
Intersegment	1,975,462	1,265,327	6,334,924	4,730,267	-	-
	7,254,327	6,364,165	6,633,025	5,056,138	8,365,162	5,875,919
Cost of sales	(6,866,972)	(6,127,854)	(6,556,739)	(5,008,786)	(7,216,977)	(5,083,988)
Gross profit	387,355	236,311	76,286	47,352	1,148,185	791,931
Distribution cost	(49,795)	(40,439)	(12,207)	(13,187)	(612,681)	(411,558)
Administrative expenses	(99,290)	(84,983)	(30,977)	(26,514)	(196,203)	(167,537)
	(149,085)	(125,422)	(43,184)	(39,701)	(808,884)	(579,095)
Profit / (loss) before taxation and unallocated income and expenses	238,270	110,889	33,102	7,651	339,301	212,836
Unallocated income and expenses:						
Other expenses						
Other income						
Finance cost						
Taxation						
Profit after taxation						

### 4.1.1 Reconciliation of reportable segment assets and liabilities:

(Rupees in '000')	Spinning		Weaving		Processing & Home Textile	
	2019	2018	2019	2018	2019	2018
Total assets for reportable segments	2,718,487	3,012,326	1,387,798	1,521,332	3,543,960	2,623,947
Unallocated assets						
Total assets as per balance sheet						
All segment assets are allocated to reportable segments other than those directly relating to corporate						
Total liabilities for reportable segments	3,927,319	4,179,892	1,231,578	1,373,551	2,235,608	1,998,076
Unallocated liabilities						
Total liabilities as per balance sheet						

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

Power Generation		Cold Storage		Elimination of inter-segment transactions		Total - Company	
2019	2018	2019	2018	2019	2018	2019	2018
-	-	4,016	13,631	-	-	13,946,144	11,314,259
1,098,024	1,073,737	-	-	(9,408,410)	(7,069,331)	-	-
1,098,024	1,073,737	4,016	13,631	(9,408,410)	(7,069,331)	13,946,144	11,314,259
(1,073,487)	(1,054,101)	(3,208)	(8,604)	9,408,410	7,069,331	(12,308,973)	(10,214,002)
24,537	19,636	808	5,027	-	-	1,637,171	1,100,257
(3,850)	(3,006)	-	-	-	-	(678,533)	(468,190)
(17,444)	(14,919)	(837)	(838)	-	-	(344,751)	(294,791)
(21,294)	(17,925)	(837)	(838)	-	-	(1,023,284)	(762,981)
3,243	1,711	(29)	4,189	-	-	613,887	337,276
						(41,579)	(14,244)
						330,282	324,846
						(506,750)	(637,703)
						(157,251)	(1,720)
						238,589	8,455

Power Generation		Cold Storage		Total - Company	
2019	2018	2019	2018	2019	2018
230,102	272,676	13,715	20,141	7,894,062	7,450,422
				9,476,741	10,163,664
				17,370,803	17,614,086
56,163	56,481	-	564	7,450,668	7,608,564
				2,013,400	1,635,193
				9,464,068	9,243,757

payables and current tax liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

## 4.1.2 Geographical Information

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

(Rupees in '000')	Spinning		Weaving		Processing & Home Textile		Cold Storage		Total Company	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Europe	-	-	74,720	120,623	6,912,912	4,697,416	-	-	6,987,632	4,818,039
America	-	-	-	25,338	383,613	386,175	-	-	383,613	411,513
Asia, Africa and Australia	53,271	23,215	-	986	895,769	684,929	-	-	949,040	709,130
Pakistan	5,225,594	5,075,623	223,381	178,924	172,868	107,399	4,016	13,631	5,625,859	5,375,577
	5,278,865	5,098,838	298,101	325,871	8,365,162	5,875,919	4,016	13,631	13,946,144	11,314,259

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

## 4.1.4 Revenue from major customers

Revenue from one major customer of Processing and Home Textile segment of the Company is of Rupees 1,436 million (2018: one major customer of Processing & Home Textile of Rupees 1,130 million).

Due to heavy repair and maintenance requirements, Board of Directors of the Company in their meeting held on 28 February 2019 has decided to discontinue operations of Cold Storage segment. Therefore the segment of cold storage will be eliminated in subsequent financial statements.

## 4.2. FINANCIAL RISK MANAGEMENT

### 4.2.1 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). The Company's finance department evaluates and hedges financial risks. 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, use of non-derivative financial instruments and investment of excess liquidity.

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

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

	2019	2018
Cash at banks - USD	1,579	1,579
Trade debts - USD	8,595,659	7,152,525
Trade debts - Euro	910,285	1,394,422
Trade and other payables - USD	(390,762)	(419,816)
Trade and other payables - Euro	(64,853)	(65,205)
Short term borrowings - USD	(4,546,285)	(14,074,426)
Net exposure - USD	3,660,191	(7,340,138)
Net exposure - Euro	845,432	1,329,217

Following significant exchange rates were applied during the year:

Rupees per US Dollar		
Average rate	140.68	110.43
Reporting date rate	159.75	121.60
Rupees per Euro		
Average rate	159.67	131.85
Reporting date rate	178.00	141.33

## Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 27.774 million higher / lower (2018: Rupees 42.397 million lower / higher) and Rupees 7.148 million (2018: Rupees 8.923 million) higher / lower respectively, 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 Company is not exposed to commodity price risk.



# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

## Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange Limited (PSX) Index on the Company's profit after taxation for the year and on 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 of FVTOCI instruments held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index (Rupees in '000')	Impact on profit after taxation		Impact on statement of other comprehensive income (fair value reserve)	
	2019	2018	2019	2018
PSX 100 (5% increase)	-	-	43,990	79,244
PSX 100 (5% decrease)	-	-	(43,990)	(79,244)

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

### iii) Interest rate risk

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

The Company's interest rate risk arises from long term financing, short term borrowings, sales tax refund bonds and trade debts of Crescent Bahuman Limited (CBL). 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:

(Rupees in '000')	2019	2018
Fixed rate instruments		
Financial assets		
Sales tax refund bonds	191,400	-
Financial liabilities		
Long term financing	1,356,294	1,065,609
Short term borrowings	3,092,000	3,205,000
Floating rate instruments		
Financial assets		
Trade debts-CBL	446,839	706,030

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

(Rupees in '000')	2019	2018
Financial liabilities		
Long term financing	38,777	37,500
Short term borrowings	2,843,657	3,211,791

#### Fair value sensitivity analysis for fixed rate instruments

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

#### Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 23.138 million (2018: Rupees 24.161 million) lower / higher mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the 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:

(Rupees in '000')	2019	2018
Investments	4,182,554	3,830,637
Loans and advances	2,320	3,509
Deposits	93,035	63,867
Trade debts	2,647,825	2,346,338
Accrued interest	4,771	3,181
Other receivables	663	768,093
Bank balances	2,412	1,995
	6,933,580	7,017,620

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. The Company kept its surplus funds with banks having good credit rating ranging from A1+ to A in short term and AAA to A in long term.

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 19.

#### c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

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 2019, the Company had Rupees 767 million (2018: Rupees 625 million) available borrowing limits from financial institutions and Rupees 4.468 million (2018: Rupees 3.413 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2019:

(Rupees in '000')	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
Non-derivative financial liabilities:						
Long term financing	1,395,071	1,580,899	163,060	176,167	368,927	872,745
Trade and other payables	1,806,481	1,806,481	1,806,481	-	-	-
Unclaimed dividend	9,435	9,435	9,435	-	-	-
Accrued mark-up	119,940	119,940	119,940	-	-	-
Short term borrowings	5,935,657	6,204,045	5,282,580	921,465	-	-
	9,266,584	9,720,800	7,381,496	1,097,632	368,927	872,745

Contractual maturities of financial liabilities as at 30 June 2018:

Non-derivative financial liabilities:						
Long term financing	1,103,109	1,249,847	155,715	152,198	281,948	659,986
Trade and other payables	1,464,707	1,464,707	1,464,707	-	-	-
Unclaimed dividend	9,513	9,513	9,513	-	-	-
Accrued mark-up	85,596	85,596	85,596	-	-	-
Short term borrowings	6,416,791	6,600,593	4,473,975	2,126,618	-	-
	9,079,716	9,410,256	6,189,506	2,278,816	281,948	659,986

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark-up have been disclosed in Note 6 and 9 to these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

## 42.2 Financial instruments by categories

(Rupees in '000')	2019 At amortized cost	2018 Loans and receivables
Financial assets as per statement of financial position		
Investments	192,543	-
Loans and advances	2,320	3,509
Deposits	93,035	63,867
Trade debts	2,647,825	2,346,338
Accrued interest	4,771	3,181
Other receivables	663	768,093
Cash and bank balances	4,468	3,413
	2,945,625	3,188,401
	At FVTOCI	Available for sale
Investments	3,990,011	3,830,637
	6,935,636	7,019,038
Financial liabilities as per statement of financial position		
At amortized cost		
Long term financing	1,395,071	1,103,109
Trade and other payables	1,806,481	1,464,707
Unclaimed dividend	9,435	9,513
Accrued mark-up	119,940	85,596
Short term borrowings	5,935,657	6,416,791
	9,266,584	9,079,716

## 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 6 and 9 respectively. Total capital employed includes 'total equity' as shown in the statement of

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

financial position plus 'borrowings'. The Company's strategy which was unchanged from last year is to maintain a gearing ratio of 40% debt and 60% equity.

(Rupees in '000')	2019	2018
Borrowings	7,330,728	7,519,900
Total equity	7,906,735	8,370,329
Total capital employed	15,237,463	15,890,229
Gearing ratio (Percentage)	48.11	47.32

The increase in the gearing ratio resulted primarily from decrease in fair value of investments of the Company.

## 43. 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 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 30 June 2019				
At fair value through other comprehensive income	879,802	-	3,110,209	3,990,011
	879,802	-	3,110,209	3,990,011
At 30 June 2018				
Available for sale financial assets	1,584,873	-	-	1,584,873
	1,584,873	-	-	1,584,873

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. However during the year unquoted investments moved into level 3 category.

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.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

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.

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) 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.

Description (Rupees in '000')	Fair value at		Unobservable inputs	Range of inputs (probability weighted average) 30 June 2019	Relationship of unobservable inputs to fair value
	30 June 2019	30 June 2018			
Crescent Bahuman Limited	3,109,764	2,245,264	Revenue growth factor	6.78%	Increase / decrease in revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees
			Risk adjusted discount rate	14.50%	+ 36.626 million / - 28.727 million.

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

Valuation process

The value of investments in Crescent Bahuman Limited as at 30 June 2019 is based on a valuation analysis carried out by an external investment advisor engaged by the Company.

The main level 3 inputs used by the Company are derived and evaluated as follows:

The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology and capital asset pricing model based discount rate of 14.50%. Discount rates for financial instruments are determined using a capital asset pricing model to calculate a rate that reflects current market assessments of the time value of money and the risk specific to the asset.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

## 44. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

### (i) Fair value hierarchy

Judgements 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 Company has classified its non-financial assets into the following three levels:

(Rupees in '000')	Level 1	Level 2	Level 3	Total
At 30 June 2019				
Land - freehold	-	3,569,765	-	3,569,765
Land - leasehold	-	6,810	-	6,810
Total	-	3,576,575	-	3,576,575
At 30 June 2018				
Land - freehold	-	3,569,765	-	3,569,765
Land - leasehold	-	6,905	-	6,905
Total	-	3,576,670	-	3,576,670

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 valuation for its freehold and leasehold land (classified as property, plant and equipment) at least in 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 is current prices in an active market for similar properties.

#### Valuation processes

The fair value of freehold and leasehold land has been determined as on 30 June 2017 by Messrs Hamid Mukhtar and Company (Private) Limited, an independent valuer enrolled on panel of SBP as per basis stated in Note 11.1.1 to the financial statements.

## 45. EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a cash dividend for the shareholders of the Company for the year ended 30 June 2019 amounting to Rupees 0.60 (2018: Rupees Nil) per share at their meeting held on 03 October 2019. 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 financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2019

46. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 03, 2019 by the Board of Directors of the Company.

47. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no significant rearrangements or reclassifications have been made.

48. 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



# PATTERN OF SHAREHOLDING - (FORM "34")

as at June 30, 2019

Shareholders	Form	to	Total Shares	Shareholders	Form	to	Total Shares
529	1	100	15,980	1	245,001	250,000	250,000
517	101	500	152,906	1	250,001	255,000	254,329
249	501	1,000	204,383	1	255,001	260,000	256,931
444	1,001	5,000	1,165,503	1	260,001	265,000	262,867
127	5,001	10,000	988,693	1	280,001	285,000	280,430
56	10,001	15,000	713,189	2	290,001	295,000	586,866
32	15,001	20,000	575,924	1	305,001	310,000	306,279
21	20,001	25,000	490,268	1	315,001	320,000	317,777
12	25,001	30,000	329,524	2	320,001	325,000	647,954
13	30,001	35,000	417,384	1	330,001	335,000	333,297
8	35,001	40,000	304,093	1	335,001	340,000	339,543
7	40,001	45,000	303,074	1	340,001	345,000	343,058
10	45,001	50,000	487,723	1	345,001	350,000	348,335
3	50,001	55,000	156,953	1	390,001	395,000	391,743
3	55,001	60,000	172,000	1	405,001	410,000	406,096
7	60,001	65,000	441,131	1	425,001	430,000	426,622
3	65,001	70,000	198,169	2	450,001	455,000	904,444
3	70,001	75,000	213,082	2	485,001	490,000	974,217
4	75,001	80,000	307,598	3	495,001	500,000	1,500,000
3	80,001	85,000	249,500	1	500,001	505,000	500,611
3	85,001	90,000	260,200	1	525,001	530,000	527,799
5	90,001	95,000	464,380	1	540,001	545,000	542,003
6	95,001	100,000	595,602	1	570,001	575,000	571,848
3	100,001	105,000	303,742	1	605,001	610,000	609,710
1	105,001	110,000	110,000	1	635,001	640,000	635,905
4	110,001	115,000	451,341	1	665,001	670,000	665,346
1	115,001	120,000	118,763	1	685,001	690,000	686,657
5	120,001	125,000	609,162	1	690,001	695,000	690,306
5	125,001	130,000	638,118	1	705,001	710,000	707,805
1	130,001	135,000	130,672	1	745,001	750,000	748,018
2	135,001	140,000	277,140	1	755,001	760,000	755,985
1	140,001	145,000	140,463	1	840,001	845,000	842,782
2	145,001	150,000	299,729	1	895,001	900,000	897,103
1	155,001	160,000	158,198	1	935,001	940,000	939,667
3	160,001	165,000	484,920	1	950,001	955,000	950,612
1	165,001	170,000	165,709	1	965,001	970,000	969,036
2	185,001	190,000	376,910	1	975,001	980,000	978,536
1	190,001	195,000	193,780	1	985,001	990,000	988,599
2	200,001	205,000	407,847	1	1,060,001	1,065,000	1,061,719
1	205,001	210,000	207,926	1	1,075,001	1,080,000	1,079,275
1	210,001	215,000	210,275	1	1,385,001	1,390,000	1,389,541
2	215,001	220,000	437,146	1	1,590,001	1,595,000	1,594,629
2	240,001	245,000	486,888	1	1,645,001	1,650,000	1,648,500

## PATTERN OF SHAREHOLDING - (FORM "34")

as at June 30, 2019

Shareholders	Form	to	Total Shares	Shareholders	Form	to	Total Shares
1	1,675,001	1,680,000	1,677,239	1	4,355,001	4,360,000	4,359,891
1	1,680,001	1,685,000	1,684,101	1	4,375,001	4,380,000	4,378,002
1	2,595,001	2,600,000	2,600,000	1	5,925,001	5,930,000	5,929,364
1	2,730,001	2,735,000	2,732,000	1	7,505,001	7,510,000	7,507,000
1	3,600,001	3,605,000	3,603,635				
				2,164			80,000,000

# PATTERN OF SHAREHOLDING - (FORM "34")

as at June 30, 2019

Categories of Shareholders	Physical	CDC	Total	% age
	(Number of shares held)			
1 Directors, Chief Executive Officer, Their Spouses and Minor Children				
1.1 Chief Executive				
Mr. Muhammad Anwar	-	897,103	897,103	1.12
1.2 Directors				
Mr. Khalid Bashir	-	842,782	842,782	1.05
Mr. Shaukat Shafi	-	488,624	488,624	0.61
Mr. Amjad Mahmood	-	102,589	102,589	0.13
Mr. Khurram Mazhar Karim	-	165,709	165,709	0.21
Mr. Ahmad Shafi	-	3,603,635	3,603,635	4.50
Mr. Anjum Muhammad Saleem	130	542,003	542,133	0.68
1.3 Director's Spouses				
Mrs. Mehreen Ahmad	-	64,000	64,000	0.08
Mrs. Saira Anjum Saleem	-	75,431	75,431	0.09
Mrs. Naheed Amjad	-	426,622	426,622	0.53
Mrs. Zahida Shaukat	-	218,366	218,366	0.27
Mrs. Tanveer Khalid Bashir	-	343,058	343,058	0.43
Mrs. Abida Anwar	-	33,326	33,326	0.04
	130	7,803,248	7,803,378	9.75
3 Associated Companies, Undertakings & Related Parties				
Shakarganj Mills Limited	5,898	-	5,898	0.01
Crescent Group (private) Limited	110	-	110	0.00
Suraj Cotton Mills Limited.	-	1,648,500	1,648,500	2.06
Trustees The Crescent Textile Mills Employees Provident Fund Trust	-	4,878,002	4,878,002	6.10
Premier Insurance Limited	-	755,985	755,985	0.94
	6,008	7,282,487	7,288,495	9.11
4 NIT & ICP (Name Wise Detail)				
CDC- Trustee National Investment (Unit) Trust	-	1,684,101	1,684,101	2.11
	-	1,684,101	1,684,101	2.11
5 Mutual Funds (Name Wise Detail)				
TRI-Star Mutual Fund Limited	-	383	383	0.00
	-	383	383	0.00
6 Banks, NBFCs, DFIs, Takaful, Pension Funds				
Banks	12,255	255,552	267,807	0.33
Pension Funds	-	188,340	188,340	0.24
	12,255	443,892	456,147	0.57

# PATTERN OF SHAREHOLDING - (FORM "34")

as at June 30, 2019

	Physical	CDC	Total	% age
	(Number of shares held)			
Insurance Companies	704	291,981	292,685	0.37
Modarabas	842	-	842	0.00
7 Other Companies, Corporate Bodies, Trust etc.				
Other Companies, Corporate Bodies (Local)	52,639	16,323,559	16,376,198	20.47
Trust	5,170	50,000	55,170	0.07
	57,809	16,373,559	16,431,368	20.54
8 General Public				
General Public (Local)	3,022,621	43,016,859	46,039,480	57.55
General Public (Foreigner)	-	3,121	3,121	0.00
	3,022,621	43,019,980	46,042,601	57.55
	3,100,369	76,899,631	80,000,000	100.00
Shareholders More Than 5.00%				
Munaf Ibrahim			7,507,000	9.38
CS Capital (Pvt) Limited			5,929,364	7.41
Trustees The Crescent Textile Mills				
Employees Provident Fund Trust			4,878,002	6.10
Crescent Cotton Mills Limited			4,359,891	5.45

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 70th Annual General Meeting (AGM) of the shareholders of The Crescent Textile Mills Limited (the "Company") will be held on Monday, October 28, 2019 at 9:00 am at the registered office of the Company, mills premises, Sargodha Road, Faisalabad, to transact the following Ordinary Business:

- 1 To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Chairman's Review, Directors' and Auditors' Reports thereon.
- 2 To approve the cash dividend @ 6% (Rs.0.60 per share) for the year ended June 30, 2019 as recommended by the Board of Directors.
- 3 To appoint Auditors of the Company and fix their remuneration. The members are hereby notified that the Audit Committee and the Board of directors have recommended the name of retiring auditors M/s Riaz Ahmad & Co., Chartered Accountants for appointment as auditors of the Company.

Registered Office:  
Sargodha Road,  
Faisalabad:  
T:+92-41-111-105-105  
F:+92-41-878 65 25  
Dated: October 07, 2019

By Order of the Board  
Naseer Ahmad Chaudhary  
Company Secretary

## Notes:

### 1. Book Closure:

The Share Transfer Books of the Company will remain closed from October 22, 2019 to October 28, 2019 (both days inclusive). Transfers received in order at the office of our Share Registrar, M/s CorpTec Associates (Pvt) Limited, 503-E, Johar Town, Lahore by the close of business on October 21, 2019, will be treated in time for the purposes of entitlement to attend, speak and vote at the AGM.

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 and a proxy so appointed shall have the same rights, as respects attending, speaking and voting at the AGM as are available to the members. 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 notarial 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. Proxy Forms, in English and Urdu languages, have been dispatched to the members along with the notice of AGM.
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 by the Securities and Exchange Commission of Pakistan.

# NOTICE OF ANNUAL GENERAL MEETING

- a. For attending the meeting:
  - i) In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
  - ii) In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
- b. For Appointing Proxies
  - i). In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
  - 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 the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
  - vi). The proxy shall produce his original CNIC or original passport at the time of the Meeting.
  - v). In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with 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 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. Zakat Declarations

The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980.

## 7. 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 May 31, 2016, the shareholders of The Crescent Textile Mills Limited had accorded their consent for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained

# NOTICE OF ANNUAL GENERAL MEETING

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 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 intend 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 available on the Company's website: [www.crescenttextile.com](http://www.crescenttextile.com).

## 8. Tax Deductions

Pursuant to the provisions of Finance Act, 2019 effective from July 1, 2019, the deduction of income tax from dividend payments shall be made on the basis of following categories of shareholders at the rates prescribed under section 150 of the Income Tax Ordinance, 2001:

S.No	Category of Shareholders
1	Shareholders appearing in Active Taxpayers' List (ATL)
2	Shareholders not appearing in Active Taxpayers' List (ATL)

Tax deduction will be made on the basis of Active Taxpayers' List provided on the website of Federal Board of Revenue.

Members seeking exemption from deduction of tax on dividend payment or are eligible for deduction at a reduced rate are requested to submit a valid withholding tax exemption certificate or necessary documentary evidence, as the case may be.

The shareholders who have joint shareholdings shall be dealt separately as appearing in ATL or not appearing in ATL and in such particular situation, tax will be deducted according to proportionate shareholding of joint shareholders. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

Folio / CDC Account No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal / Joint Shareholder
-------------------------	---------------------	------	--------------	--------------	-------------------------------

## 9. Unclaimed Dividend and Bonus Shares

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar M/s CorpTec Associates (Private) Limited, 503-E, Johar Town, Lahore, to collect/enquire about their unclaimed dividend or pending shares, if any.

# NOTICE OF ANNUAL GENERAL MEETING

## 10. Deposit Of Physical Shares Into CDC Account

The Shareholders having physical shareholding may open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script-less form, this will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the stock exchange. Further, Section 72 of the Act states that after the commencement of the Act from a date notified by the SECP, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Act.

## 11. Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the AGM. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least seven (7) days prior to the date of the meeting on the Standard Form available on the Company's website: [www.crescenttextile.com](http://www.crescenttextile.com).

## 12. Change of address

Members are requested to promptly notify to the Company's Share Registrar of any change in their addresses.

## 13. Placement of Financial Statements

The Company has placed a copy of the Notice of AGM, Annual Financial Statements for the year ended June 30, 2019 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company: [www.crescenttextile.com](http://www.crescenttextile.com).





## PROXY FORM

I/We \_\_\_\_\_ being member(s) of  
The Crescent Textile Mills Limited and holder of \_\_\_\_\_ shares  
as per Registered Folio # / CDC Participant ID # / Sub A/C # / Investor A/C # \_\_\_\_\_  
do hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him \_\_\_\_\_  
of \_\_\_\_\_ who is also member of the Company vide Registered  
Folio # \_\_\_\_\_ as my/our Proxy to attend, speak and vote for me/us and on my/our  
behalf at the 70th Annual General Meeting of the Company to be held on Monday the October 28, 2019 at 9:00  
a.m. at Registered Office Sargodha Road, Faisalabad and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

Witness's Signature

Name: \_\_\_\_\_  
CNIC: \_\_\_\_\_  
Address: \_\_\_\_\_

Witness's Signature

Name: \_\_\_\_\_  
CNIC: \_\_\_\_\_  
Address: \_\_\_\_\_

Affix Revenue Stamp of Rs. 5/-
Member's Signature

Date:

Place: Faisalabad

CDC A/C #																				
CNIC #																				

Note:

- 1 A member eligible to attend and vote in this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting.
- 2 CDC account holders will further have to follow the following guidelines:
  - 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, addresses and CNIC numbers shall be mentioned on the form.
  - iii) Attested copies of CNIC 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 corporate entity, the Board of Directors' resolution / power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the Company.





## مختار نامہ

میں / ہم \_\_\_\_\_  
 کا / کے \_\_\_\_\_  
 بحیثیت رکن کریڈنٹ ٹیکسٹائل ملز لمیٹڈ اور حامل حصص، برطانیہ شیئرز رجسٹرڈ فیوچر نمبر \_\_\_\_\_  
 اور ایسی ڈی سی پارٹی پیڈٹ (شرکت آئی ڈی) نمبر \_\_\_\_\_  
 اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر \_\_\_\_\_  
 محترم / محترمہ \_\_\_\_\_  
 کو اپنے / ہمارے ایما پر \_\_\_\_\_ مورخہ 28 اکتوبر 2019ء سو مووار  
 بمقام: \_\_\_\_\_ رجسٹرڈ آفس: سرگودھا روڈ، فیصل آباد۔  
 منعقد ہونے والے کینی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا / ہمارا بطور مختار (پراسی) مقرر کرتا ہوں / کرتے ہیں۔  
 آج بروز \_\_\_\_\_ تاریخ \_\_\_\_\_ 2019ء کو دستخط کئے گئے۔

### گواہان:

پانچ روپے مالیت کے رسید ٹکٹ پر دستخط

دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_

دستخط کینی کے نمونہ دستخط سے  
مماثل ہونے چاہئیں

دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_

### نوٹ:

- 1- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل رجسٹرڈ آفس کے پتے پر ارسال کر دے۔
- 2- سی ڈی سی شیئرز ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا:
  - (الف) فرد ہونے کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا وہ جس کی ٹیکس ریٹرنز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں انہیں کینی کی جانب سے دی گئی ہدایات کی روشنی میں پراسی فارم جمع کرانا ہوگا۔
  - (ب) مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔
  - (ج) پیشگی شل اونرز (مستفید ہونے والے فرد) کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی جسے نائب مختار نامہ کے ہمراہ پیش کرے گا۔
  - (د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
  - (و) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز قرارداد / مع نامزد کردہ شخص / انٹرنی کے نمونہ دستخط پاور آف اٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراسی فارم (مختار نامے) کے ہمراہ کینی میں جمع کرانا ہوگا۔



**Mills & Registered Office**

Sargodha Road,

Faisalabad, Pakistan

T: +92-41-111-105-105

F: +92-41-8786525

E: [crestex@ctm.com.pk](mailto:crestex@ctm.com.pk)

**Share Register**

CorpTec Associates (Pvt)Limited,

503-E, Johar Town,

Lahore, Pakistan

T: +92-42-35170336-7

F: +92-42-35170338

E: [info@corptec.com.pk](mailto:info@corptec.com.pk)

**[www.ctm.com.pk](http://www.ctm.com.pk)**