



SHAMS TEXTILE MILLS LIMITED

ANNUAL REPORT 2024



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## COMPANY INFORMATION

### Board of Directors

Muhammad Anwar	(Chairman)
Adil Bashir	
Asif Bashir	
Khurram Mazhar Karim	
Muhammad Shafiq Gill	(Nominee: NIT)
Shahid Arshad	
Minail Mishal Adamjee	

### Chief Executive Officer

Khalid Bashir

### Chief Financial Officer

Tariq Javed

### Company Secretary

Muhammad Haroon Arif

### Audit Committee

Shahid Arshad	(Chairman)
Khurram Mazhar Karim	(Member)
Adil Bashir	(Member)

### Human Resource & Remuneration Committee

Minail Mishal Adamjee	(Chairman)
Asif Bashir	(Member)
Khurram Mazhar Karim	(Member)

### Risk Committee

Asif Bashir	(Chairman)
Shahid Arshad	(Member)
Khurram Mazhar Karim	(Member)

### Share Registrar

Corptec Associates (Pvt) Ltd.  
503-E, Johar Town, Lahore.

### Auditors

Riaz Ahmad & Company  
Chartered Accountants

### Bankers

MCB Bank Limited  
Meezan Bank Limited  
Allied Bank Limited  
United Bank Limited

### Registered Office

Office No. 801, Tricon Corporate Centre, 73-E,  
Main Jail Road, Gulberg II, Lahore  
Ph: +92-423-576 0379, 576 0381  
Email: [info@shams.com.pk](mailto:info@shams.com.pk)  
Web: [www.shams.com.pk](http://www.shams.com.pk)

### Project Locations

Kotla Kahloon, District Nankana Sahib, Punjab  
3-KM, Faisalabad Road, Chiniot, Punjab

## PROFILE

Shams Textile Mills Limited is a public limited company incorporated on January 10, 1968. The company is primarily engaged in the manufacturing and trading of high quality Yarn.

The Company initially setup up its composite project consisting of spinning, weaving, dyeing and finishing at Chiniot in 1968. The plant today comprises of 22,080 spindles having capacity of producing 400,000 Kg/month (approx.) of yarn. During the initial years of operations the management successfully marketed the cotton yarn, grey and finished fabrics produced from these facilities, generating substantial export business. These operations resulted in the manufacturing of premium quality products leading to higher profitability for the company.

The company successfully built enough reserves over time inducing the management to think about the expansion of its existing facilities. The Management therefore decided to increase its spindle age capacity to 39,216 by installing another spinning unit at Shekhupura Road near Shahkot. The facility started its commercial production in August 01, 1994 and ever since has contributed positively to the results of the company.

Our 17,136 spindle-spinning unit located at Shahkot has the capacity of producing 500,000 Kg (approx.) of the finest Knitting and weaving yarns monthly. Our strength is our commitment to customer satisfaction. Every product passes stringent quality control tests conducted on highly sophisticated machinery before it is dispatched to a customer.

The Company has grown steadily and has distinction of being associated with several prestigious local and foreign firms. The modern yet conservative policies of the company helped in attracting investment in the form of equity participation and loans. The weaving, dyeing and finishing facilities have been shut down with the passage of time due to lower profitability and the management's decision to primarily focus on the spinning business which has always been the company's strength.

The specialized yarn based new spinning unit of 12,096 spindles has been added to existing facilities of the Company at Shahkot to cater the demand of coarse count Slub, Multi and Lycra yarns. The plant started its commercial production in January 2006.

Shams Textile Mills Limited is managed by people who have had vast experiences in the textile sector. The management is constantly looking to avail opportunities in the field of textiles and to grow on its strengths. It has a low cost and growth driven approach to its businesses and is looking to grow further on the same policies.

## MISSION / VISION STATEMENT

### Our Business

We are a manufacturing organization operating spinning facilities in textile industry and our end products are sold to international and national customers.

### Vision of Future Business

We are committed to becoming the premier manufacturing organization in the textile industry maintaining market leadership in the present business and diversifying into value added projects with the object of maximizing returns for all the stakeholders.

### Our Strengths

We have made pioneering efforts in development of new products, which has enabled us to emerge as a market leader. This together with an innovative and professional management style has helped us to build a strong and financially sound base.

### Our Strategy

We are determined to convert our vision into reality by using innovation to create a market niche for our products and by investing in facilities, people, systems and new technology, diversification into value addition and improvements in productivity and service to customers.

We shall aggressively exploit new markets by drawing strength from our corporate image and by promoting a culture that encourages initiatives at all levels of decision-making.

### Our Values

- We take pride in adhering to ethical business practices and in being a good corporate citizen.
- We respect our people and endeavor to provide them opportunities to realize their full potential.
- We recognize our responsibility to our stakeholders and society.

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 ("the Regulations")

**Name of Company:** Shams Textile Mills Limited  
**Year ended:** June 30, 2024

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are eight (**8**) as per the following:
  - a. Male: **7**
  - b. Female: **1**

2. The composition of board is as follows:

Category	Names
Independent Directors	Mrs. Minail Mishal Adamjee (Female Director) Mr. Shahid Arshad
Non-Executive Directors	Mr. Muhammad Anwar Mr. Khurram Mazhar Karim Mr. Adil Bashir Mr. Muhammad Shafiq Gill
Executive Directors	Mr. Khalid Bashir (Chief Executive Officer) Mr. Asif Bashir

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the 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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations;
9. The Board has arranged Directors' Training program for the following:

Names of Director
Mr. Shahid Arshad

Following Directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Directors' training program:

Names of Directors
Mr. Muhammad Anwar Mr. Khurram Mazhar Karim Mr. Adil Bashir Mr. Khalid Bashir (Chief Executive Officer) Mr. Asif Bashir

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

a) **Audit Committee**

<b>Names</b>	<b>Designation held</b>
Mr. Shahid Arshad	Chairman
Mr. Khurram Mazhar Karim	Member
Mr. Adil Bashir	Member

b) **HR Nomination and Remuneration Committee**

<b>Names</b>	<b>Designation held</b>
Mrs. Minail Mishal Adamjee	Chairperson
Mr. Khurram Mazhar Karim	Member
Mr. Asif Bashir	Member

c) **Risk Management Committee**

<b>Names</b>	<b>Designation held</b>
Mr. Asif Bashir	Chairman
Mr. Shahid Arshad	Member
Mr. Khurram Mazhar Karim	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 (quarterly / half yearly / yearly) of the committee were as per following:

a) **Audit Committee**

Four meetings were held during the financial year ended 30 June 2024.

b) **HR Nomination and Remuneration Committee**

One meeting of HR Nomination and Remuneration Committee was held during the financial year ended 30 June 2024.

c) **Risk Management Committee**

No meeting of Risk Management Committee was held during the financial year ended 30 June 2024.

15. The board has set up an effective internal audit function by appointing Head of Internal Audit and has outsourced the internal audit function to M/s Tahir Consulting (Private) Limited, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

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

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;

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

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	<b>Nomination Committee</b> The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a <b>separate</b> nomination committee and the functions are being performed by the human resource and remuneration committee. The Board shall consider to constitute <b>separate</b> nomination committee after next election of directors.	29
2	<b>Disclosure of significant policies on website</b> The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	35
3	<b>Directors' Training</b> It is encouraged that by 30 June 2022, all directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	Five directors of the Company are exempt from Directors' training program and one director of the Company has acquired Directors' Training Program certification. The Company has planned to arrange Directors' Training Program certification for remaining two directors before 30 June 2025.	19(1)
4	<b>Directors' Training</b> Companies are encouraged to arrange training for at least one head of department every year under the Directors' Training Program from July 2022.	The Company has planned to arrange Directors' Training Program certification for head of department in next few years.	19(3)
5	<b>Significant policies</b> The Board is required to approve anti-harassment policy to safeguard the rights and well-being of employees.	During the year, Securities and Exchange Commission of Pakistan (SECP) amended regulation 10 of the Regulations on 12 June 2024. Currently, the management is assessing this amendment and compliance thereof, as applicable, will be performed in due course of time.	10(4)(xvi)
6	<b>Role of the Board and its members to address Sustainability Risks and Opportunities</b> The board is responsible for governance and oversight of sustainability risks and opportunities within the Company by setting the Company's sustainability strategies, priorities and targets to create long term corporate value.	During the year, SECP introduced new regulation 10A in the Regulations on 12 June 2024. Currently, the management is assessing this amendment and compliance thereof, as applicable, will be performed in due course of time.	10(A)
7	<b>Responsibilities of the Board and its members</b> The Board is responsible for adoption of corporate governance practices by the company.	Non-mandatory provisions of the Regulations are partially complied. The company is deliberating on full compliance with all the provisions of the Regulations.	10(1)

20. The two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.



**MUHAMMAD ANWAR**  
Chairman

27 September, 2024  
Lahore



## CHAIRMANS' REVIEW REPORT

I am delighted to share the Chairman's Review Report of our Company for the fiscal year ending on 30 June 2024.

### Economic Overview

During the year under review, the textile spinning industry in Pakistan experienced a mixed economic performance for the fiscal year ending June 30, 2024. Despite facing numerous challenges, the sector remains critical to the economy, contributing heavily to exports, employment, and GDP.

The industry faced significant pressures, primarily from high energy costs which continue to hamper productivity. To alleviate these issues, the government has been working on providing regionally competitive energy prices and supporting the sector through tax refunds and subsidies. However, the sector also needs infrastructure improvements, better labor training, and modernization of machinery to stay globally competitive.

### Corporate Governance

The Chairman's review report for Shams Textile Mills Limited highlights the company's commitment to strong corporate governance practices. The Board of Directors plays a crucial role in ensuring adherence to the Corporate Governance Code established by the Securities and Exchange Commission of Pakistan (SECP). This involves maintaining sound internal control policies and conducting continuous operational reviews. The company has taken proactive measures to align its governance structure with regulatory requirements and industry standard practices.

Furthermore, the company emphasizes transparency in financial reporting and risk management. The Board and its committees, including the audit and risk committees, actively manage financial and operational risks, including market fluctuations and interest rates.

Shams Textile also integrates Corporate Social Responsibility (CSR) into its business strategy, focusing on environmental sustainability and worker welfare as part of its governance framework.

In conclusion, I express my heartfelt appreciation to all shareholders for their sustained trust in our Company. The Board and I also extend our gratitude to every member of the STML team for their unwavering support and dedication. Despite the present challenges, our focus on effective management bolsters our confidence in enhancing shareholder value.



**MUHAMMAD ANWAR**

(CHAIRMAN)

**27 September, 2024**

## چیئر مین کی جائزہ رپورٹ

میں 30 جون 2024ء کو اختتام پذیر مالیاتی سال کے لئے اپنی کمپنی کی بابت چیئر مین کی جائزہ رپورٹ ازراہ مسرت پیش کرتا ہوں۔

### اقتصادی جائزہ

زیر جائزہ سال کے دوران، پاکستان کی ٹیکسٹائل سپنگ انڈسٹری نے 30 جون 2024ء کو اختتام پذیر مالیاتی سال میں ملی جلی معاشی کارکردگی دکھائی۔ متعدد چیلنجز کا سامنا کرنے کے باوجود یہ شعبہ معیشت کے لئے انتہائی اہم رہا جس نے برآمدات، ملازمت اور مجموعی ملکی پیداوار میں خاطر خواہ کردار ادا کیا۔

اس صنعت کو ابتدائی طور پر توانائی کی بلند قیمتوں جیسے نمایاں دباؤ کا سامنا رہا جس کے باعث پیداوار متاثر ہوتی رہی۔ ان مسائل کے حل کے لئے حکومت نے مقامی سطح پر توانائی کی نسبتاً متقابل قیمتیں پیش کیں اور ٹیکس ری فنڈ اور سب سڈیز کے ذریعے اس شعبے کو سہارا دیا۔ البتہ، اس شعبے کو انفراسٹرکچر میں بہتری، مزدوروں کی معقول تربیت اور مشینری میں جدت درکار ہے تاکہ عالمی سطح پر مقابلے میں قائم رہ سکے۔

### کاروباری نظم و ضبط

شمس ٹیکسٹائل ملز لمیٹڈ کے لئے چیئر مین کی جائزہ رپورٹ مربوط کاروباری نظم و ضبط کے طریق عمل کے لئے کمپنی کے عزم کی نشاندہی کرتی ہے۔ بورڈ آف ڈائریکٹرز سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے قائم شدہ کارپوریٹ گورننس ضابطہ کی تعمیل کو یقینی بنانے میں اہم کردار ادا کرتا ہے۔ اس میں مربوط داخلی نظم و ضبط کی پالیسیاں اور وقتاً فوقتاً جاری آپریشنل جائزے شامل ہیں۔ کمپنی نے اپنے نظم و ضبط کے ڈھانچے کو ریگولیٹری تقاضوں اور صنعت کے معیاری طریق عمل سے ہم آہنگ کرنے کے لئے قبل از وقت اقدامات کئے ہیں۔

مزید برآں، کمپنی مالیاتی رپورٹنگ اور رسک مینجمنٹ میں شفافیت پر زور دیتی ہے۔ بورڈ اور اس کی کمیٹیاں بشمول آڈٹ اور رسک کمیٹیاں مالیاتی و آپریشنل خطرات بشمول منڈی میں اتار چڑھاؤ اور شرح سود سے مؤثر انداز میں نبرد آزما ہوتی ہے۔

شمس ٹیکسٹائل کاروباری و سماجی ذمہ داری (CSR) کو اپنی کاروباری حکمت عملی میں شامل کرتی ہے جس کا مرکز نگاہ ماحولیاتی پائیداری اور ملازمین کی فلاح ہے جو اس کے گورننس فریم ورک کا حصہ ہے۔

لب لباب یہ ہے کہ میں ہماری کمپنی پر اعتماد جاری رکھنے پر تمام شیئر ہولڈرز کو خراج تحسین پیش کرتا ہوں۔ بورڈ اور میں STML ٹیم کے تمام اراکین کا شکریہ ادا کرتا ہوں جنہوں نے غیر متزلزل سپورٹ اور جذبہ سے کمپنی کو سرشار کیا۔ حالیہ چیلنجز کے باوجود مؤثر انتظام پر ہماری توجہ شیئر ہولڈرز کی قدر میں اضافہ کے لئے ہمارے اعتماد کو مضبوط کرتی ہے۔

محمد انور

محمد انور

(چیئر مین)

27 ستمبر، 2024ء

## DIRECTORS' REPORT

The Directors of the Company present their Report along with the Audited Financial Statements of the Company and Auditors' Report thereon for the year ended 30 June 2024.

### Financial Review:

A brief financial analysis is presented as under:

#### Rupees in millions

Income Statement	2024	2023	% Change
Sales	6,916	3,309	109.01 %
Gross Profit/(Loss)	270.73	(54.61)	395.77 %
Operating Profit/(Loss)	143.23	(97.06)	47.57 %
Financial cost	(90.50)	(10.66)	(749.16) %
Profit/(Loss) before taxation	52.73	(107.72)	(51.05) %
Taxation	(86.625)	(47.58)	(82.06) %
Net (Loss)	(33.90)	(153.30)	(77.89) %
(Loss) per Share (LPS)	(3.92)	(17.74)	

Your Company earned a gross profit of Rs. 270.73 million compared to a gross (loss) of Rs. (54.61) million in the previous financial year. This increase in sales during the current period can be attributed to the commencement of operations in all three of our production units, compared to the corresponding period of the previous year, during which two of the three units remained non-operational. Finance costs increased by 749.16% in comparison to last year caused by an increase in average borrowings. Income tax provision increased by 82.06% due to increase in turnover during the period.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company strongly believes in the integration of corporate social responsibility into its business. The Company maintains world-class occupational health and safety standards because we consider the well-being of our employees as a prime responsibility. We provide the facility of in-house dispensaries supervised by qualified doctors at all our production facilities. The Company also owns and operates firefighting equipment and have maintenance certificate regarding it. The company is also certified under various social compliance programs to ensure worker health and safety as well as goals to decrease our carbon footprint.

### FINANCIAL RISK MANAGEMENT

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 program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and

hedges financial risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, and liquidity risk.

### Financial Statements

As required under Regulation 25 of Listed Companies (Code of Corporate Governance) Regulations, 2019 ("CCG Regulations, 2019"), 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 (Board), after consideration and approval, the Board authorize the signing of financial statements for issuance and circulation. The financial statements of the Company have been duly audited by the Messrs. Riaz Ahmad & Co, Chartered Accountants and their report is attached with the financial statements. They have issued an unqualified report to the members.

### Auditors

The auditors Messrs. Riaz Ahmad & Co., Chartered Accountants, retire and offer themselves for re-appointment for the FY 2025. 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.

### Subsequent Events

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 relate and the date of the Director's Report.

### Pattern of Shareholding

A statement of the pattern of shareholding as of June 30, 2024, which is required to be disclosed under the reporting framework, is annexed to this report.

### Statement of Compliance with COCG

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019 in a material respect. A statement to this effect is annexed to this report.

### Related Party Transactions

All the related party transactions are entered on an arm's length basis in the ordinary course of business and comply with the applicable provisions of the Companies Act, 2017. All related party transactions during FY 2024 were placed before the Audit Committee and the Board for their review and approval. These transactions were reviewed by the Audit Committee and approved by the Board.

### Directors and Board Meetings

The Board of STML comprises of 07(Male) and 01(Female) Directors. The composition of the Board is provided below:

S. No.	Category	Name
1	Independent Directors	Mr. Shahid Arshad Mrs. Minail Mishal Adamjee
2	Non-Executive Directors	Mr. Muhammad Anwar (Chairman) Mr. Khurram Mazhar Karim Mr. Adil Bashir Mr. Muhammad Shafiq Gill
3	Executive Directors	Mr. Khalid Bashir (CEO) Mr. Asif Bashir

### Meetings of the Board of Directors

Four meetings of the Board of Directors were held during the year 2023-24. Attendance of Directors in meetings of BOD is provided as under:

Sr. No.	Name of Director	Meetings Attended
1.	Mr. Muhammad Anwar	04
2.	Mr. Khalid Bashir	04
3.	Mr. Asif Bashir	04
4.	Mr. Adil Bashir	02
5.	Mr. Khurram Mazhar Karim	04
6.	Mr. Shahid Arshad	04
7.	Mr. Mohammad Shafiq Gill	04
8.	Mrs. Minal Mishal Adamjee	04

However, leave of absence was granted to the Directors who could not attend the Board Meetings due to preoccupations.

### Directors' Remuneration

The Board of Directors has devised a directive for the determination of remuneration. Its salient features are stated as follows:

- The company will not pay any remuneration to its Non-Executive Directors except as a meeting fee for attending the Board and its Committee Meetings.
- The remuneration of directors & meeting fee for attending meetings of the Board of Directors or its committees shall be determined and approved by the Board of Directors.
- The remuneration of Directors is paid as approved by the Board of Directors. The remuneration package is designed to attract suitable candidates and talent to the Board.

A Director is provided or reimbursed for all traveling, boarding, lodging, and other expenses incurred by him for attending meetings of the Board, its committees, and General Meetings of the company.

Details of remuneration paid to executive directors of the company for the FY 2024, as required under regulation 34(3) of the Code of Corporate Governance Regulations, 2019; are annexed with this report.

### Board Committees & Meetings

Following are the details of the Committees of the Board of STML and their Meetings.

#### Audit Committee

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee and the following directors are its members. Four audit committee meetings were held:

Sr. No.	Name of Member	Meetings Attended
1.	Mr. Shahid Arshad (Chairman)	04
2.	Mr. Khurram Mazhar Karim	04
3.	Mr. Adil Bashir	02

However, leave of absence was granted to the members who could not attend the meeting(s) due to preoccupation.

### Human Resource Nomination & Remuneration Committee

The Board of Directors in compliance with the Code of Corporate Governance has established a Human Resource Nomination & Remuneration Committee, only one meeting was held during the financial year 2023-24. Following is the composition of the Human Resource Nomination & Remuneration Committee:

Sr. No.	Name of Members	Meetings Attended
1.	Mrs. Minail Mishal Adamjee (Chairman)	01
2.	Mr. Asif Bashir	01
3.	Mr. Khurram Mazhar Karim	01

### Risk Committee

1.	Mr. Asif Bashir (Chairman)
2.	Mr. Shahid Arshad
3.	Mr. Khurram Mazhar Karim

### Adequacy of Internal & Financial Controls

The Board of Directors has established an effective system of Internal & Financial Controls that ensure:

- Effective and efficient conduct of operations.
- Safeguarding the company's assets.
- Compliance with applicable Laws and Regulations.
- Reliable Financial Reporting.

The Independent Internal Audit Function of Shams Textile Mills Limited is outsourced to Tahir Consulting which regularly appraises and monitors the implementation of standard Operating Procedures. Internal Audit Reports are presented to the Audit Committee quarterly, as per the approved Annual Internal Audit Plan. Accordingly, the Audit Committee reviews the effectiveness of the internal control framework and financial statements in its meetings.

#### 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 based on that feedback, the average rating of the performance of the Board and the role of the Chairman regarding governing the Board was found up to the mark.

#### Statement on Corporate and Financial Reporting Framework:

- a. Financial statements prepared by the 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 in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards (IFRSs) and Islamic Financial Accounting Standards (IFASs), as applicable in Pakistan, have been followed in the preparation of financial statements, and any departure therefrom has been adequately disclosed and explained;
- e. The Company has sound potential to continue as a going concern;
- f. There has been no material departure from best practices of corporate governance;
- g. Outstanding taxes and levies are given in the Notes to the Financial Statements;
- h. The majority of the Board members have the prescribed qualifications and experience required for exemption from the training program of Directors. All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

#### Dividend

Owing to net loss for the year coupled with funding requirements of the Company, dividend for the year ended 30 June 2024 has not been declared.

#### Future Outlook

Despite facing many challenges, our company is unwavering in our dedication to excellence and adding value for our stakeholders. This dedication guides us in meeting our long-term goals. We are actively seeking additional financing by preparing for the impact of high interest rates and potential cash flow shortages. Our commitment to enhancing product quality is clear and steadfast. We are investing in upgrading our facilities and equipment. This investment will lead to improved efficiencies and consistent product quality, which will expand our customer base. We are expanding our supplier base and actively exploring international markets for cotton procurement, as the fluctuating rates and inconsistent quality of domestic cotton make us less competitive. To mitigate these challenges and ensure cost efficiency, we are diversifying our procurement strategy to reduce dependence on the domestic market for our core raw materials. This strategic move will help us maintain cost efficiency and secure a more competitive supply chain. We have prioritized the production of certified yarns using various recycled and synthetic fibers. This approach maximizes the value of our products. Even in a competitive market, we are working diligently to expand our product range, enhance our market position, and increase our profitability.

#### Acknowledgement

The Board of Directors would like to thank all stakeholders of the company including, customers, shareholders, vendors, government agencies, banks, and all other business associates for their continued support during the year. The Board also recognizes the contribution made by a very dedicated team who served the Company with enthusiasm and hopes that the same spirit of devotion shall remain intact in the future as well.

#### For and on behalf of the Board of Directors



**Khalid Bashir**  
Chief Executive



**Asif Bashir**  
Director

**27 September, 2024**

**Lahore**

## 30 جون 2024ء کو اختتام پذیر سال پر ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز 30 جون 2024ء کو اختتام پذیر سال کے لئے کمپنی کی پڑتال شدہ مالیاتی اسٹیٹمنٹس اور ان پر آڈیٹرز کی رپورٹ کے ہمراہ اپنی رپورٹ پیش کرتے ہیں۔

## مالیاتی جائزہ:

جامع مالیاتی جائزہ حسب ذیل ہے:

اکم اسٹیٹمنٹ	2024ء	2023ء	فی صد تبدیلی
(ملین روپوں میں)			
سیلز	6,916	3,309	109.01%
کل نفع / (نقصان)	270.73	(54.61)	395.77%
آپریٹنگ نفع / (نقصان)	143.23	(97.06)	47.57%
قرضوں پر لاگت	(90.50)	(10.66)	(749.16)%
ٹیکسیشن سے پہلے نفع / (نقصان)	52.73	(107.72)	(51.05)%
ٹیکسیشن	(86.625)	(47.58)	(82.06)%
خالص (نقصان)	(33.90)	(153.30)	(77.89)%
فی حصص (نقصان) (LPS)	(3.92)	(17.74)	

آپ کی کمپنی نے گزشتہ مالیاتی سال میں (54.61) ملین روپے کل خسارہ کی نسبت 270.73 ملین روپے کل منافع حاصل کیا۔ رواں برس کے دوران سیلز میں اس اضافے کو اپنے تئیں بیدار واری پوسٹ میں آپریٹنگ کے آغاز سے منسوب کیا جاتا ہے جو کہ گزشتہ برس کی اسی مدت کے دوران تین پوسٹ میں دو پوسٹ مکمل طور پر بند تھے۔ قرضوں پر لاگت میں گزشتہ برس کی نسبت 749.16% اضافہ ریکارڈ ہوا جسے اوسط قرضوں کے حصول میں اضافہ سے منسوب کیا جاتا ہے۔ اکم ٹیکس میں بھی مذکورہ مدت کے دوران ٹرن اور میں اضافہ کے باعث 82.06% اضافہ ریکارڈ ہوا۔

## کاروباری و سماجی ذمہ داری (CSR)

کمپنی اپنی کاروباری سرگرمیوں میں کاروباری و سماجی ذمہ داری کے اطلاق پر قوی یقین رکھتی ہے۔ کمپنی عالمی معیار کے پیشروانہ ہیلتھ اینڈ سیفٹی اصولوں پر قائم ہے کیونکہ ہم اپنے ملازمین کی صحت کو اپنی بنیادی ذمہ داری سمجھتے ہیں۔ ہم اپنے تمام بیدار واری مراکز میں قابل ڈاکٹروں کی زیر نگرانی ان ہاؤس ڈیپنرزی کی سہولت فراہم کرتے ہیں۔ کمپنی فائر فائٹنگ آلات سے بھی لیس ہے اور اس بابت مینٹیننس سرٹیفکیٹ کی بھی حامل ہے۔ کمپنی متعدد سوشل کمپلائنس پروگراموں سے سہ ماہیافتہ ہے تاکہ عملے کی صحت اور حفاظت کو یقینی بنایا جاسکے اور اپنے کاربن فٹ پرنٹس میں کمی کے ہدف کو حاصل کیا جاسکے۔

## مالیاتی رسک مینجمنٹ

کمپنی کی سرگرمیاں کئی اقسام کے مالیاتی رسک یعنی مارکیٹ رسک (بشمول کرنسی رسک، پرائس اور

انٹرسٹ ریٹ رسک)، کریڈٹ رسک اور لیویڈٹی رسک کا سامنا کرتی ہیں۔ کمپنی کا جامع رسک مینجمنٹ پروگرام مالیاتی منڈیوں میں غیر یقینی کی صورت حال پر توجہ دے کر مالیاتی کارکردگی پر مکمل مضر اثرات کو کم کرنے کے لئے قائم کیا گیا ہے۔ رسک مینجمنٹ بورڈ آف ڈائریکٹرز کی منظور شدہ پالیسیوں کے مطابق فائننس ڈیپارٹمنٹ کے زیر انتظام ہے۔ کمپنی کا فائننس ڈیپارٹمنٹ مالیاتی رسک مینجمنٹ اور اس کا احاطہ کرنے والے مخصوص عوامل یعنی کرنسی رسک، پرائس رسک، انٹرسٹ ریٹ رسک، کریڈٹ رسک اور لیویڈٹی رسک کی بابت مختلف پالیسیوں پر نظر رکھتا ہے۔

## مالیاتی اسٹیٹمنٹس

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط، 2019ء (CCG) ضوابط، 2019ء کے قاعدہ 25 کے تحت چیف ایگزیکٹو آفیسر اور چیف فنانس آفیسر اپنے دستخطوں کے ذریعے توثیق کر کے مالیاتی اسٹیٹمنٹس غور اور منظوری کے لئے بورڈ آف ڈائریکٹرز (بورڈ) کو پیش کرتے ہیں۔ غور اور منظوری کے بعد بورڈ اجراء اور گردش کے لئے ان مالیاتی اسٹیٹمنٹس پر دستخط کرتا ہے۔ میسرز ریاض احمد اینڈ کو چارٹرڈ اکاؤنٹنٹس نے کمپنی کی مالیاتی اسٹیٹمنٹس کا باقاعدہ آڈٹ کیا ہے اور ان کی رپورٹ مالیاتی اسٹیٹمنٹس کے ساتھ منسلک ہے۔ انہوں نے اراکین کو غیر مصدقہ رپورٹ جاری کی ہے۔

## آڈیٹرز

آڈیٹرز میسرز ریاض احمد اینڈ کو چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور مالیاتی سال 2025ء کے لئے اپنی دوبارہ تقرری کی پیشکش کرتے ہیں۔ آڈٹ کمیٹی نے ان کی دوبارہ تقرری کی سفارش کی ہے اور آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کی جانب سے غور اور منظوری کے لئے بورڈ نے اس فیصلے کی توثیق کی ہے۔

## مابعد واقعات

ڈائریکٹرز رپورٹ کی تاریخ اجراء اور مالیاتی سال جس کے لئے مالیاتی اسٹیٹمنٹ تیار کی گئی ہیں کے اختتام کے درمیانی عرصے میں کمپنی کی مالیاتی حالت پر اثر انداز ہونے والی کوئی ٹھوس تبدیلی اور عہد وقوع پذیر نہ ہوا ہے۔

## پیٹرن آف شیئر ہولڈنگ

30 جون 2024ء تک پیٹرن آف شیئر ہولڈنگ کا اعلامیہ جس کا اظہار رپورٹنگ فریم ورک کے تحت درکار ہے رپورٹ ہذا کے ساتھ منسلک ہے۔

## COCG کی تعمیل میں بیان

کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط، 2019ء کے اصولوں کی من و عن تعمیل کی ہے۔ اس تناظر میں بیان رپورٹ ہذا کے ساتھ منسلک ہے۔

## متعلقہ فریقین سے لین دین

عمومی امور کی انجام دہی کے دوران تمام متعلقہ فریقین سے لین دین کو آرمز لیٹیٹھ کی بنیاد پر ریکارڈ کیا جاتا ہے۔ تمام تر لین دین کمپنیز ایکٹ 2017ء کے لاگو قواعد کے تحت عمل میں لایا جاتا ہے۔ نظر ثانی اور منظوری کے لئے مالیاتی سال 2024ء کے دوران متعلقہ فریق کے ساتھ لین



● بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے اجلاس میں شرکت کی فیس اور ڈائریکٹرز کے معاوضے کی منظوری اور تعین بورڈ کرے گا۔

● بورڈ آف ڈائریکٹرز کی منظوری سے ڈائریکٹرز کو معاوضہ ادا کیا جائے گا۔ بورڈ میں مناسب امیدوار اور قابل شخص کو مائل کرنے کے لئے معاوضے کا پیکیج تیار کیا گیا ہے۔

بورڈ، اس کی کمیٹیوں اور کمپنی کے اجلاس عام میں شرکت کرنے پر ڈائریکٹرز کو سفری، بورڈنگ، لاجنگ اور دیگر اخراجات ادا کئے جائیں گے۔

کوڈ آف کارپوریٹ گورننس ضوابط (3) 34 کے تحت مالیاتی سال 2024ء کے لئے کمپنی کے ایگزیکٹو ڈائریکٹرز کو ادا شدہ معاوضے کی تفصیلات رپورٹ ہذا کے منسلک ہیں۔

### بورڈ کمیٹیاں اور اس کے اجلاس

STML کے بورڈ کی کمیٹیوں اور ان کے اجلاس کی تفصیلات حسب ذیل ہیں:

#### آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی تشکیل دی ہے مندرجہ ذیل ڈائریکٹرز اس کے اراکین ہیں۔ کمیٹی کے چار اجلاس منعقد ہوئے:

1. جناب شاہد ارشد (چیئر مین) 04
2. جناب خرم مظہر کریم 04
3. جناب عادل بشیر 02

البتہ مصروفیت کے باعث اجلاس میں شرکت سے قاصر اراکین کو غیر حاضری کی رخصت عنایت کی گئی۔

#### ہیومن ریسورس نامی نیشن اینڈ ریمونیشن کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ آف ڈائریکٹرز نے ہیومن ریسورس نامی نیشن اینڈ ریمونیشن کمیٹی تشکیل دی ہے۔ مالیاتی سال 2023-24ء کے دوران اس کمیٹی کا صرف ایک اجلاس منعقد ہوا۔ ہیومن ریسورس نامی نیشن اینڈ ریمونیشن کمیٹی کی ترکیب حسب ذیل ہے:

1. محترمہ بینا ل مشال آدم جی (چیئر پرسن) 01
2. جناب آصف بشیر 01
3. جناب خرم مظہر کریم 01

#### رسک کمیٹی

1. جناب آصف بشیر (چیئر مین)
2. جناب شاہد ارشد
3. جناب خرم مظہر کریم

#### داخلی و مالیاتی کنٹرولز کی موزونیت

بورڈ آف ڈائریکٹرز نے مندرجہ ذیل کو یقینی بنانے کے لئے داخلی و مالیاتی کنٹرول کا ایک مربوط نظام قائم کیا ہے:

دین کو آڈٹ کمیٹی اور بورڈ کے سامنے رکھا گیا۔ ان ٹرانزیکشنز پر آڈٹ کمیٹی نے نظر ثانی کی اور بورڈ نے منظوری دی ہے۔

### ڈائریکٹرز اور بورڈ کے اجلاس

STML کا بورڈ 07 (مرد) اور 01 (خاتون) ڈائریکٹر پر مشتمل ہے۔ بورڈ کی ترکیب حسب ذیل ہے:

نمبر شمار	کینگری	نام
1	خود مختار ڈائریکٹر	جناب شاہد ارشد محترمہ بینا ل مشال آدم جی
2	نان-ایگزیکٹو ڈائریکٹر	جناب محمد انور (چیئر مین) جناب خرم مظہر کریم جناب عادل بشیر جناب محمد شفیق گل
3	ایگزیکٹو ڈائریکٹر	جناب خالد بشیر (CEO) جناب آصف بشیر

### بورڈ آف ڈائریکٹرز کے اجلاس

سال 2023-24 کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ ان اجلاسوں میں ڈائریکٹرز کی حاضری حسب ذیل ہے:

نمبر شمار	نام ڈائریکٹر	اجلاس میں حاضری
1	جناب محمد انور	04
2	جناب خالد بشیر	04
3	جناب آصف بشیر	04
4	جناب عادل بشیر	02
5	جناب خرم مظہر کریم	04
6	جناب شاہد ارشد	04
7	جناب محمد شفیق گل	04
8	محترمہ بینا ل مشال آدم جی	04

البتہ مصروفیت کے باعث اجلاس میں شرکت سے قاصر ڈائریکٹرز کو غیر حاضری کی رخصت عنایت کی گئی۔

### ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز نے معاوضے کے تعین کے لئے ہدایات مرتب کی ہیں۔ اس کی چیدہ چیدہ خصوصیات مندرجہ ذیل ہیں:

● کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کی فیس کے علاوہ اپنے نان-ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرے گی۔

- آپریشنز کی موثر اور عمدہ روانی
- کمپنی اثاثہ جات کا تحفظ
- مروجہ قواعد و ضوابط کی تعمیل
- باعتبار مالیاتی رپورٹنگ

**ڈیوڈنڈ**  
کمپنی کی فنڈنگ کی ضروریات کے ساتھ ساتھ سال کے خالص نقصان کی وجہ سے، 30 جون 2024 کو ختم ہونے والے سال کے لیے منافع کا اعلان نہیں کیا گیا ہے۔

### مستقبل کا منظر نامہ

متعدد مسائل درپیش ہونے کے باوجود ہماری کمپنی عمدگی اور اپنے اسٹیک ہولڈرز کو منافع دینے کے جذبہ سے سرشار ہے۔ یہ جذبہ ہمیں اپنے طویل مدتی اہداف کو پورا کرنے میں رہنمائی فراہم کرتا ہے۔ ہم بلند شرح سود اور کیش فلو کی ممکنہ قلت کے اثرات سے نہرو آزا ہونے کے لئے اضافی سرمایہ کاری کے مواقع تلاش کر رہے ہیں۔ پروڈکٹ کے معیار کو بڑھانے کے لئے ہمارا عزم شفاف اور واضح ہے۔ ہم اپنی ہولیات اور ایکویٹی ہولڈرز کو اپ گریڈ کرنے پر سرمایہ صرف کر رہے ہیں۔ یہ سرمایہ کاری بہتر کارکردگی اور مصنوعات کے مستقل معیار میں ہماری رہنمائی کرتی ہے اور ہم پر امید ہیں کہ ہمارے صارفین کی تعداد میں اضافہ ہوگا۔ ہم اپنے سپلائرز کی بنیاد کو بڑھا رہے ہیں اور روٹی کی خریداری کے لیے بین الاقوامی منڈیوں کو فعال طور پر تلاش کر رہے ہیں، کیونکہ ملکی کپاس کی قیمتوں میں اتار چڑھاؤ اور غیر متوازن معیار ہمیں کم مسابقتی بنا رہا ہے۔ ان چینل جوں کو کم کرنے اور لاگت کی کارکردگی کو یقینی بنانے کے لیے ہم اپنے بنیادی خام مال کے لیے مقامی مارکیٹ پر انحصار کم کرنے کے لیے اپنی خریداری کی حکمت عملی کو متنوع بنا رہے ہیں۔ اس اسٹریٹجک اقدام سے ہمیں لاگت کی کارکردگی کو برقرار رکھنے اور مزید مسابقتی سپلائی چین کو محفوظ بنانے میں مدد ملے گی۔ ہم نے مختلف ریسیکل شدہ اور مصنوعی ریشوں کا استعمال کرتے ہوئے تفصیح شدہ دھاگے کی تیاری کو ترجیح دی ہے۔ یہ نقطہ نظر ہماری مصنوعات کی قدر میں اضافہ کرے گا۔ مسابقتی منڈیوں میں بھی ہم اپنی پروڈکٹ کی اقسام کو وسیع دینے اور منڈی میں اپنی پوزیشن کو مستحکم کرنے اور منافع میں بہتری کے لئے پرعزم ہیں۔

### اظہار تشکر

بورڈ آف ڈائریکٹرز کمپنی کے تمام اسٹیک ہولڈرز بشمول صارفین، شیئر ہولڈرز، وینڈرز، حکومتی ایجنسیوں، بینکوں اور تمام دیگر کاروباری ایسوسی ایشن کی سال بھر میں مسلسل حمایت پر شکریہ ادا کرتے ہیں۔ بورڈ انتہائی پرجوش ٹیم کے کردار کو بھی تسلیم کرتا ہے جنہوں نے پرجوش انداز میں کمپنی کی خدمت کی۔ بورڈ امید رکھتا ہے کہ مستقبل میں بھی اسی جذبے سے سرشار ہو کر یہ ٹیم اپنے فرائض سرانجام دیتی رہے گی۔

### منجانب/ برائے بورڈ آف ڈائریکٹرز

*Asif Bisher*  
آصف بisher  
ڈائریکٹر

*Khaleed Bisher*  
خالد بisher  
چیف ایگزیکٹو آفیسر

27 ستمبر، 2024ء

لاہور

شس ٹیکسٹائل ملز لیٹریڈ کا خود مختار داخلی آڈٹ فنکشن طاہر کنسلٹنگ کے حوالے کیا گیا ہے جو آپریشنز کے معیاری طریقہ کار کے نفاذ کی باقاعدگی سے نگرانی کرتا ہے۔ منظور شدہ سالانہ انٹرنل آڈٹ پلان کے تحت داخلی آڈٹ رپورٹس سہ ماہی بنیادوں پر آڈٹ کمیٹی کو پیش کی جاتی ہیں۔ اسی طرح سے آڈٹ کمیٹی اپنے اجلاس میں انٹرنل کنٹرول فریم ورک اور مالیاتی اسٹیٹمنٹس کی افادیت کا جائزہ لیتی ہے۔

### بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ

دوراندیشی پر بورڈ کے کردار کا تعین اور اس کی افادیت ایک جاری عمل ہے۔ جس کی بورڈ نے بذات خود توثیق کی ہے۔ توجہ کا مرکز شعبے حسب ذیل ہیں:

- کمپنی کے ویژن اور مشن کے ساتھ کاروباری اہداف اور مقاصد کی ہم آہنگی۔
- حکمت عملی وضع کرنا اور مربوط آپریشنز کے لئے منصوبہ بندی کرنا۔
- بورڈ کی خود مختاری اور افادیت

انفرادی رائے کی گئی اور اس رائے کی بنیاد پر بورڈ کی کارکردگی اور چیئرمین کے فرائض کا اوسط درجہ معیار کے عین مطابق پایا گیا۔

### کاروباری و مالیاتی رپورٹنگ فریم ورک پر بیان

- کمپنی کی انتظامیہ کی تیار کردہ مالیاتی اسٹیٹمنٹس نصفیت میں تبدیلی، کیش فلو، آپریشنز اور کاروباری امور کی بہترین عکاسی کرتی ہیں۔
- کمپنی کے کھاتوں کی باقاعدہ کتابیں تیار کی گئی ہیں۔
- مالیاتی اسٹیٹمنٹس کی تیاری میں موافق اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات موزوں فیصلوں کی بنیاد پر لگائے گئے ہیں۔
- مالیاتی اسٹیٹمنٹس کی تیاری میں پاکستان میں رائج بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈز (IFRS) اور اسلامی مالیاتی اکاؤنٹنگ معیارات (IFAs) کی پیروی کی گئی ہے اور اس میں کسی بھی قسم کے سقم کو مناسب انداز میں ظاہر اور واضح کیا گیا ہے۔
- کمپنی کی کاروبار جاری رکھنے کی بھرپور صلاحیت رکھتی ہے۔
- کارپوریٹ گورننس کی بہترین عمل داری میں کوئی ابہام موجود نہ ہے۔
- واجب الادائیکس اور لیوی کی فہرست مالیاتی اسٹیٹمنٹس کے نوٹس میں دی گئی ہے۔
- بورڈ کے اکثر اراکین ڈائریکٹرز کے تربیتی پروگرام سے استفادے کے لئے درکار قابلیت اور تجربہ رکھتے ہیں۔ تمام ڈائریکٹرز بطور کاروباری ادارے کے ڈائریکٹرز اپنے فرائض سے بخوبی آگاہ ہیں۔



**FINANCIAL SUMMARY**

For the year ended June 30, 2024

rupees in '000's	2024	2023	2022	2021	2020	2019
Net Sales	6,916,185	3,309,014	8,674,940	7,122,421	4,175,298	5,291,753
Cost of sales	6,645,455	3,363,623	8,035,081	6,393,472	4,080,438	5,057,572
<b>Gross Profit/(Loss)</b>	<b>270,730</b>	(54,609)	639,859	728,949	94,860	234,181
Distribution cost	60,871	36,846	69,108	65,917	40,769	34,253
Administrative expenses	123,365	116,296	94,130	81,593	77,837	71,714
Other expenses	33,049	3,928	31,865	63,489	18,335	4,924
	217,285	157,070	195,103	210,999	136,941	110,891
	53,445	(211,679)	444,756	517,950	(42,081)	123,290
Other income	89,788	114,621	17,463	18,843	5,770	16,745
<b>Operating Profit/(Loss)</b>	<b>143,233</b>	(97,058)	462,219	536,793	(36,311)	140,035
Finance cost	(90,503)	(10,658)	96,538	70,327	57,558	42,925
<b>Profit/(Loss) before taxation</b>	<b>52,730</b>	(107,716)	365,681	466,466	(93,869)	97,110
Taxation	(86,625)	(45,576)	145,529	104,967	46,337	53,724
<b>(Loss) / Profit after taxation</b>	<b>(33,895)</b>	(153,292)	220,152	361,499	(140,206)	43,386
<b>Performance Ratio</b>						
Gross (Loss)/Profit Margin (%)	3.91	(1.65)	7.38	10.23	2.27	4.43
Fixed Assets Turnover	9.31	4.60	11.74	8.83	5.11	6.32
Return on capital employed (%)	(3.64)	(16.24)	19.93	40.36	(25.60)	6.28
Return on equity (%)	(3.73)	(16.12)	20.04	40.39	(26.60)	6.52
Operating Profit/(Loss) Margin (%)	0.77	(6.40)	5.13	7.27	(1.01)	2.33
Net (Loss)/Profit Margin (%)	(0.49)	(4.63)	2.54	5.08	(3.36)	0.82
(Loss)/Earning per share (Rupees)	(3.92)	(17.74)	25.48	41.84	(16.23)	5.02
<b>Working Capital Ratios</b>						
Debtors Turn Over Ratio	10.50	4.60	10.59	17.17	26.23	26.16
Debtors in no of Days	34.77	79.40	34.47	21.26	13.91	13.95
Stock Turn Over Ratio	12.39	5.34	10.44	8.29	7.80	13.52
Stock in no of Days	29.46	68.40	34.97	44.04	46.80	27.00
<b>Liquidity Ratio</b>						
Current Ratio	1.05	1.11	1.24	1.06	0.76	0.82
Quick Ratio	0.72	0.64	0.71	0.47	0.15	0.36
Interest Cover Ratio	(1.72)	0.10	0.26	0.15	(0.61)	0.44
<b>Financial Performance Ratio</b>						
Gearing Ratio	0:00:00	0:00:00	0:00:00	0:00:00	02:98	02:98
Break-up value per share ( Rupees )	107.79	109.22	127.83	103.66	61.76	78.29
Dividend per share	-	-	-	2.00	-	1.05
Price to Book Value	0.30	0.42	0.52	0.60	0.41	0.33
Total Assets	2,547,470	2,458,085	2,455,457	2,573,292	1,698,183	1,734,225
Current Assets	1,689,548	1,685,571	1,675,484	1,766,313	870,108	844,456
Current Liabilities	1,616,152	1,514,384	1,351,022	1,674,050	1,150,531	1,031,235
Operating Fixed Assets	765,738	719,628	719,645	758,780	780,355	819,904
Long Term Debts	-	-	-	-	14,036	14,036
Share holders' Equity	931,318	943,701	1,104,435	895,594	533,616	676,428

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the shareholders of Shams Textile Mills Limited will be held on October 28, 2024 at 9:30 a.m. at Registered office of the Company i.e. Tricon Corporate Center, 8th Floor, 73-E, Main Jail Road, Gulberg 2 Lahore, Lahore to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditor's reports thereon for the year ended June 30, 2024.

**As required under Section 223 of the Companies Act 2017 and in terms of S.R.O No. 389(I)/2023 dated March 21, 2023, the Annual Report including the Notice of Meeting and Financial Statements of the Company has been transmitted to the shareholders and uploaded on the website of the Company which can be viewed using the following link or QR enabled code:**



<https://shams.com.pk/wp-content/uploads/2024/10/STMLAnnualReport2024.pdf>

2. To appoint auditors of the Company and fix their remuneration.
3. To transact any other business with the permission of the Chair.

Lahore  
7 October, 2024

By Order of the Board  
Company Secretary

### BOOK CLOSURE:

The Members' Register will remain closed from October 21, 2024 to October 28, 2024 (both days inclusive)

### NOTES:

1. Shareholders interested to participate in the meeting through video link are requested to email their Name, Folio Number, Cell Number and Number of Shares held in their name along with valid copy of both sides of Computerized National Identify Card (CNIC) at tariq.javed@shams.com.pk by 25 October 2024. The video link and login credentials will be shared with only those members/designated proxies whose emails, containing all the required particulars.
2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time of holding the meeting. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form. A proxy must be a member of the Company. The proxy form is annexed to the notice sent to the members. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature of the nominee shall be submitted along with copy of CNIC of the representative.

### 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.

### 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 provided in the annual report and also available on the company's website.

### Replacement of physical shares with book-entry

As per Section 72 of The Companies Act, 2017 every existing company shall 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 Companies Act, 2017 i.e. May 31, 2017. The shareholders holding shares in physical form are requested to please convert their shares in the book entry form. For this purpose, the shareholders may open CDC Sub-account with any of the brokers or investor account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares at any time they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Limited.

### Unclaimed Dividend / 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 / shares, if any.

### Placement of Financial Statements

The Company has placed a copy of the Notice of AGM, Annual Separate and Consolidated Financial Statements for the year ended 30 June 2024 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company: [www.shams.com.pk](http://www.shams.com.pk)

Shareholders are also requested to notify immediately any change in their E-mail address to the Share Registrar of the Company, M/s. Corptec Associates (Private) Limited, 503-E, Johar Town, Lahore. Ph. 042-35170335- 37

## نوٹس برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا اطلاع دی جاتی ہے کہ شمس ٹیکسٹائل ملز لمیٹڈ کے شیئرز ہولڈرز کا سالانہ اجلاس عام مورخہ 28 اکتوبر، 2024ء بوقت 09:30 بجے صبح کمپنی کے رجسٹرڈ آفس واقع ٹرانیکون کارپوریٹ سنٹر، 8 ویں منزل، E-73 مین جیل روڈ، گلبرگ 2 لاہور میں مندرجہ ذیل امور پر کارروائی کے لئے منعقد ہوگا:

### عمومی امور

1. 30 جون 2024ء کو اختتام پذیر سال کے لئے ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ہمراہ پڑتال شدہ کھاتوں کو وصول کرنا، زیر غور لانا اور انہیں اپنانا۔

کمپنیز ایکٹ 2017 کے سیکشن 223 کے تحت اور

S.R.O نمبر 389 (I) 2023 مورخہ 21

مارچ 2023 کے مطابق، سالانہ رپورٹ بشمول

میلنگ کا نوٹس اور کمپنی کے مالیاتی گوشواروں کو شیئرز

ہولڈرز کو منتقل کر دیا گیا ہے۔ کمپنی کی ویب سائٹ

پر اپ لوڈ کیا گیا ہے جسے درج ذیل لنک یا QR

فعال کوڈ کے ذریعے دیکھا جاسکتا ہے۔



<https://shams.com.pk/wp-content/uploads/2024/10/STMLAnnualReport2024.pdf>

2. کمپنی کی آڈیٹرز کی تقرری کرنا اور ان کا معاوضہ طے کرنا۔

3. چیئرمین کی اجازت سے دیگر امور پر کارروائی کرنا۔

بحکم بورڈ

کمپنی سیکریٹری

لاہور: 17 اکتوبر 2024ء

کتاب کی بندش:

اراکین کا رجسٹر 12 اکتوبر 2024ء تا 28 اکتوبر 2024ء (بشمول دونوں ایام) بند رہے گا۔

مندرجات:

1. بذریعہ وڈیولنک اجلاس میں شرکت کرنے والے خواہشمند شیئرز ہولڈرز سے التماس

ہے کہ وہ اپنے نام، فون نمبر، موبائل نمبر اور تعداد ملکیتی حصص اپنے کارآمد شناختی کارڈ

کی نقل کے ہمراہ 25 اکتوبر 2024ء تک tariq.javed@shams.com.pk

پر ای میل کریں۔ وڈیولنک اور لاگ ان کی تفصیلات صرف ان اراکین/مقررہ

پراسیڈر کے ساتھ شیئرز کی جائیں گی جن کی درکار تفصیلات مکمل ہوں گی۔

2. اجلاس ہذا میں شرکت اور ووٹ کرنے کا/کی اہل رکن کسی دوسرے/دوسری رکن کو اپنی

جگہ شرکت اور ووٹ کرنے کے لئے اپنا/اپنی پراسیڈر کر سکتا/سکتی ہے۔ پراسیڈر

کو ووٹ کرنے کی غرض سے اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل پراسیڈر کمپنی

کے رجسٹرڈ پتے پر پہنچ جائیں۔ پراسیڈر فارم پر دو افراد کو ایسی دیں گے جن کے نام، پتے

اور شناختی کارڈ نمبر فارم پر درج ہوں گے۔ پراسیڈر فارم پر کمپنی کا رکن ہونا

چاہئے۔ اراکین کو بھیجے گئے نوٹس کے ساتھ پراسیڈر فارم منسلک ہے۔ کاروباری

ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ نامزد فرد کے

نمونہ کے دستخط ناماندے کے شناختی کارڈ کی نقل کے ہمراہ جمع کرایا جائے گا۔

### ای۔ منافع منقسمہ کی ادائیگی کے لئے شناختی کارڈ/IBAN

کمپنیز ایکٹ 2017ء کے سیکشن 242 کے تحت لسٹڈ کمپنی کے لئے ضروری ہے کہ نقد منافع منقسمہ کی صورت میں واجب الادا کوئی بھی منافع منقسمہ خالصتاً بذریعہ الیکٹرونک موڈ اہل شیئرز ہولڈرز کے مقررہ بینک اکاؤنٹ میں براہ راست ادا کیا جائے گا۔ اسی طرح سے، فزیکل شیئرز رکھنے والے شیئرز ہولڈرز سے التماس ہے کہ وہ کمپنی کے شیئرز رجسٹرار کو مذکورہ بالا پتے پر سالانہ رپورٹ میں موجود ای۔ ڈیو ایڈیٹڈ فارم پر الیکٹرونک ڈیو ایڈیٹڈ مینڈیٹ فراہم کریں جو کمپنی کی ویب سائٹ پر بھی دستیاب ہے۔ CDC میں شیئرز ہونے کی صورت میں، یہی معلومات تجدید اور کمپنی کو بھیجنے کی غرض سے CDS شرکاء کو فراہم کی جائیں۔ جمع نہ کرانے کی صورت میں مستقبل میں منافع منقسمہ کی تمام تر ادائیگیوں کو روک دیا جائے گا۔

### وڈیولنک کی سہولت

کمپنیز ایکٹ 2017ء کے قواعد کی پیروی میں، دوسرے شہر میں مقیم کل سرمایہ حصص کے کم از کم 10% شیئرز رکھنے والے شیئرز ہولڈرز AGM میں شرکت کے لئے وڈیولنک کی سہولت فراہم کرنے کا مطالبہ کر سکتے ہیں۔ سالانہ رپورٹ اور کمپنی کی ویب سائٹ پر دستیاب معیاری فارم پر وڈیولنک سہولت کی درخواست اجلاس کے انعقاد سے کم از کم سات (7) یوم قبل شیئرز رجسٹرار کے مذکورہ بالا پتے پر پہنچ جائے۔

### بک اینٹری میں فزیکل شیئرز کی منتقلی

کمپنیز ایکٹ 2017ء کے سیکشن 72 کے تحت ہر موجودہ کمپنی اپنے فزیکل شیئرز SECP کی مقررہ تاریخ تک بک اینٹری فارم میں منتقل کرے گی۔ جس کی مدت کمپنیز ایکٹ 2017ء کی مقررہ تاریخ یعنی 31 مئی 2017ء سے چار سال سے زائد نہ ہوگی۔ فزیکل فارم میں شیئرز رکھنے والے شیئرز ہولڈرز سے التماس ہے کہ وہ اپنے شیئرز کو بک اینٹری فارم میں تبدیل کریں۔ اس مقصد کے لئے شیئرز ہولڈرز CDC کے ساتھ کسی بھی بروکر یا انویسٹرا کا وٹ کی مدد سے CDC ذیلی اکاؤنٹ کھولیں تاکہ ان کے فزیکل شیئرز کو غیر کاغذی صورت میں رکھا جاسکے۔ اس طرح انہیں کئی طرح کی سہولیات میسر آئیں گی جیسا کہ محفوظ حوالگی اور کسی بھی وقت اپنی مرضی سے شیئرز کی فروخت کیونکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ ضوابط کے مطابق فزیکل شیئرز میں تجارت کی اجازت نہیں ہے۔

### لا دعویٰ منافع منقسمہ/شیئرز

کسی وجہ سے جو شیئرز ہولڈرز اپنے منافع منقسمہ یا یونٹس شیئرز کا دعویٰ یا اپنے فزیکل شیئرز حاصل نہیں کر سکتے ان کو تجویز کیا جاتا ہے کہ وہ ہمارے شیئرز رجسٹرار میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، E-503 جوہر ٹاؤن، لاہور سے رابطہ کر کے اپنے لا دعویٰ منافع منقسمہ/شیئرز (اگر کوئی ہوں) حاصل کریں یا اس سے متعلق معلومات حاصل کریں۔

### مالیاتی اسٹیٹمنٹس کی اشاعت

کمپنی نے 30 جون 2024ء کو اختتام پذیر سال کے لئے AGM نوٹس کی نقل، سالانہ (علیحدہ اور مجموعی) مالیاتی اسٹیٹمنٹس اور آڈیٹرز ڈائریکٹرز کی رپورٹ اور ان پر چیئرمین کا تجزیہ کمپنی کی ویب سائٹ [www.shams.com.pk](http://www.shams.com.pk) پر شائع کر دیا ہے۔

شیئرز ہولڈرز سے یہ التماس بھی ہے کہ وہ اپنے ای میل ایڈریس میں کسی بھی قسم کی تبدیلی سے متعلق کمپنی کے شیئرز رجسٹرار، میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، E-503 جوہر ٹاؤن، لاہور فون: 042-35170335-37 کوئی الفوراً گاہ کریں۔

**Gender pay gap statement under  
Circular No. 10 of 2024**

Following is gender pay gap calculated for the year ended 30 June 2024

(i)	Mean Gender pay gap:	-286%
(ii)	Median Gender Pay gap:	-93%
(iii)	Any other data/ details as deemed relevant.	-

The Board is committed to formulate a gender diversity policy for recruitment, promotion, gender pay gap analysis, retention and development of female employees.



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Chief Executive Officer on behalf of Board of Directors of the Company

Date: 27 September 2024

**INDEPENDENT AUDITOR'S REVIEW REPORT**  
TO THE MEMBERS OF SHAMS TEXTILE MILLS LIMITED

**Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Shams Textile Mills Limited (the Company) for the year ended 30 June 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2024.



**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**

**Lahore**

**Date:** 28 September, 2024

**UDIN:** CR202410168G60eHrxQN

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SHAMS TEXTILE MILLS LIMITED

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of Shams Textile Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2024, 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 material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	<p><b>Inventory existence and valuation</b></p> <p>Inventory as at 30 June 2024 amounted to Rupees 529.431 million and 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 and spare parts amounting to Rupees 86.310 million</li> <li>- Stock-in-trade amounting to Rupees 443.121 million</li> </ul>	<p>Our procedures over existence and valuation of inventory 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 on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management;</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>Inventory is measured at the lower of cost and net realizable value.</p> <p>We identified existence and valuation of inventory as a key audit matter due to its size, representing 20.78% of the total assets of the Company as at 30 June 2024, and the judgment involved in valuation.</p> <p>For further information on inventory, refer to the following:</p> <ul style="list-style-type: none"> <li>- Material accounting policy information, Inventories note 2.8 to the financial statements.</li> <li>- Stores and spare parts note 16 and stock-in-trade note 17 to the financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>● For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets;</li> <li>● 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 transaction;</li> <li>● 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;</li> <li>● In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs;</li> <li>● We also made inquiries of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.</li> </ul>
2.	<p><b>Revenue recognition</b></p> <p>The Company recognized net revenue of Rupees 6,916.185 million for the year ended 30 June 2024.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information on revenue recognition, refer to the following:</p> <ul style="list-style-type: none"> <li>- Material accounting policy information, Revenue recognition note 2.18 to the financial statements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>● 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;</li> <li>● We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;</li> <li>● We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant</li> </ul>



Sr. No.	Key audit matters	How the matters were addressed in our audit
	<ul style="list-style-type: none"> <li>- Revenue from contracts with customers note 22 to the financial statements.</li> </ul>	<p>underlying documentation to assess if the related revenue was recorded in the appropriate accounting period;</p> <ul style="list-style-type: none"> <li>● We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers';</li> <li>● We also considered the appropriateness of disclosures in the financial statements.</li> </ul>

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

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

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

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

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

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

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

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

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

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

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

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



appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### Report on Other Legal and Regulatory Requirements

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

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

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



### RIAZ AHMAD & COMPANY

Chartered Accountants

Lahore

Date: 28 September, 2024

UDIN: AR202410168VDKFgdZsA

**STATEMENT OF FINANCIAL POSITION**

AS AT JUNE 30, 2024

	Note	2024 (Rupees in thousand)	2023
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital			
25,000,000 (2023: 25,000,000) ordinary shares of Rupees 10 each		250,000	250,000
<b>Issued, subscribed and paid-up share capital</b>	<b>4</b>	<b>86,400</b>	86,400
<b>Reserves</b>	<b>5</b>	<b>844,918</b>	857,301
<b>Total equity</b>		<b>931,318</b>	943,701
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Gas Infrastructure Development Cess (GIDC) payable	6	-	-
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	1,147,211	1,363,923
Accrued mark-up	8	18,478	4,959
Short term borrowings	9	405,206	108,298
Current portion of GIDC payable	6	31,226	31,226
Unclaimed dividend		4,622	4,622
Taxation and levy payable - net	10	9,409	1,356
		<b>1,616,152</b>	1,514,384
<b>Total liabilities</b>		<b>1,616,152</b>	1,514,384
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>11</b>	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,547,470</b>	2,458,085

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



Chief Executive



Director



Chief Financial Officer

	Note	2024 (Rupees in thousand)	2023
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	765,738	719,628
Long term investments	13	66,662	45,150
Long term security deposits	14	25,522	7,736
Deferred income tax asset - net	15	-	-
		<b>857,922</b>	772,514
<b>CURRENT ASSETS</b>			
Stores and spare parts	16	86,310	92,730
Stock-in-trade	17	443,121	629,506
Trade debts	18	781,629	536,089
Advances	19	12,232	2,361
Other receivables	20	13,021	32,813
Sales tax refundable		294,222	366,336
Cash and bank balances	21	59,013	25,736
		<b>1,689,548</b>	1,685,571
<b>TOTAL ASSETS</b>		<b>2,547,470</b>	2,458,085



Chief Executive



Director



Chief Financial Officer

**STATEMENT OF PROFIT OR LOSS**

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rupees in thousand)	2023
REVENUE FROM CONTRACTS WITH CUSTOMERS	22	6,916,185	3,309,014
COST OF SALES	23	(6,645,451)	(3,363,623)
GROSS PROFIT / (LOSS)		270,734	(54,609)
DISTRIBUTION COST	24	(60,871)	(36,846)
ADMINISTRATIVE EXPENSES	25	(123,368)	(116,296)
OTHER EXPENSES	26	(33,049)	(3,928)
		(217,288)	(157,070)
		53,446	(211,679)
OTHER INCOME	27	89,787	114,621
PROFIT / (LOSS) FROM OPERATIONS		143,233	(97,058)
FINANCE COST	28	(90,503)	(10,658)
PROFIT / (LOSS) BEFORE LEVY AND TAXATION		52,730	(107,716)
LEVY	29	(81,686)	(45,576)
LOSS BEFORE TAXATION		(28,956)	(153,292)
TAXATION	30	(4,939)	-
LOSS AFTER TAXATION		(33,895)	(153,292)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	31	(3.92)	(17.74)

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



Chief Executive



Director



Chief Financial Officer

**STATEMENT OF COMPREHENSIVE INCOME**

For The Year Ended JUNE 30, 2024

	<b>2024</b> <b>(Rupees in thousand)</b>	2023
(LOSS) AFTER TAXATION	<b>(33,895)</b>	(153,292)
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified to profit or loss:		
Fair value adjustment arising on remeasurement of investments at fair value through other comprehensive income	<b>21,512</b>	(7,442)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the year - net of tax	<b>21,512</b>	(7,442)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(12,383)</b>	(160,734)

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



Chief Executive



Director



Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED JUNE 30, 2024

	RESERVES							TOTAL RESERVES	TOTAL EQUITY
	CAPITAL			REVENUE					
	Premium on issue of right shares	Fair value reserve FVTOCI investments	Sub Total	General reserve	Un-appropriated profit	Sub total			
<b>Balance as at 30 June 2022</b>	86,400	33,353	119,753	600,000	298,282	898,282	1,018,035	1,104,435	
Loss for the year	-	-	-	-	(153,292)	(153,292)	(153,292)	(153,292)	
Other comprehensive loss for the year	-	(7,442)	(7,442)	-	-	-	(7,442)	(7,442)	
Total comprehensive loss for the year	-	(7,442)	(7,442)	-	(153,292)	(153,292)	(160,734)	(160,734)	
<b>Balance as at 30 June 2023</b>	86,400	25,911	112,311	600,000	144,990	744,990	857,301	943,701	
Loss for the year	-	-	-	-	(33,895)	(33,895)	(33,895)	(33,895)	
Other comprehensive income for the year	-	21,512	21,512	-	-	-	21,512	21,512	
Total comprehensive loss for the year	-	21,512	21,512	-	(33,895)	(33,895)	(12,383)	(12,383)	
<b>Balance as at 30 June 2024</b>	86,400	47,423	133,823	600,000	111,095	711,095	844,918	931,318	

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



Chief Executive



Director



Chief Financial Officer

**STATEMENT OF CASH FLOWS**

For The Year Ended JUNE 30, 2024

	Note	2024 (Rupees in thousand)	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	32	2,131	198,726
Finance cost paid		(76,955)	(14,848)
Income tax and levy paid		(78,572)	(74,943)
Workers' profit participation fund paid	7.4	(114)	(20,701)
Long term security deposits made		(17,786)	-
GIDC paid	6	-	(2,925)
<b>Net cash (used in) / generated from operating activities</b>		<b>(171,296)</b>	85,309
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(116,255)	(74,972)
Proceeds from sale of property, plant and equipment	12.1.1	17,213	19,461
Return on bank deposits received		5,807	5,643
Short term investment made		-	(601,883)
Proceeds from redemption of mutual funds		-	605,536
Dividends received		900	22,686
<b>Net cash used in investing activities</b>		<b>(92,335)</b>	(23,529)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings - obtained	32.2	2,248,750	1,038,904
Short term borrowings - repaid	32.2	(1,951,842)	(1,087,145)
Dividend paid	32.2	-	(5)
<b>Net cash from / (used in) financing activities</b>		<b>296,908</b>	(48,246)
<b>Net increase in cash and cash equivalents</b>		<b>33,277</b>	13,534
<b>Cash and cash equivalents at the beginning of the year</b>	21	<b>25,736</b>	12,202
<b>Cash and cash equivalents at the end of the year</b>	21	<b>59,013</b>	25,736

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



Chief Executive



Director



Chief Financial Officer

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

**1. THE COMPANY AND ITS OPERATIONS**

**1.1** Shams Textile Mills Limited ("the Company") is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. Its registered office is situated at Office No. 801, Tricon Corporate Centre, 73-E, Main Jail Road, Gulberg II, Lahore. The Company is engaged in the business of manufacturing, sale and trading of yarn.

**1.2** Geographical location and addresses of all business units are as follows:

<b>Manufacturing units and offices</b>	<b>Address</b>
<b>Manufacturing units:</b>	
Spinning unit I	3-KM, Faisalabad Road, Chiniot
Spinning units II and III	Kotla Kahloon, District Nankana Sahib
<b>Registered and head office</b>	Office No. 801, Tricon Corporate Centre, 73-E, Main Jail Road, Gulberg II, Lahore
<b>Office</b>	1 <sup>st</sup> Floor, 949 Regency Arcade, Mall Road, Faisalabad

**2. MATERIAL ACCOUNTING POLICY INFORMATION**

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

**2.1 Basis of preparation****a) Statement of compliance**

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

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

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

**b) Accounting convention**

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

**c) Critical accounting estimates and judgements**

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 judgement in the process of applying the Company's accounting policies. Estimates and judgements 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 judgements were exercised in application of accounting policies are as follows:

**Useful lives, patterns of economic benefits and impairments**

Estimates with respect to residual value and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

**Inventories**

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

**Income tax and levy**

In making the estimates for income tax and levy 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.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

**Allowance for expected credit losses**

The allowance for expected credit losses (ECLs) assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

**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.

**Provisions**

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

**Contingencies**

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

**d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company**

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement').
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income Taxes').
- Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors').
- Amendments to IAS 12 'Income Taxes' - International Tax Reform Pillar Two Model Rules.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period 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 amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2023 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 and amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2024 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 01 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for the reporting period beginning on or after 01 January 2024.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

Lack of Exchangeability (Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'). The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on or after 01 January 2025.

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 01 January 2027) with a focus on updates to the statement of profit or loss. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

The above standards and amendments to existing standards are likely to have no significant impact on the financial statements.

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2024 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 Property, plant and equipment

### Operating fixed assets

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and capital work-in-progress are stated at cost less any identified impairment loss. Cost of operating fixed assets comprises historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the assets to working condition. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

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 benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

Depreciation is charged to statement of profit or loss applying the reducing balance method so as to write off the cost of the assets over their estimated useful life at the rates given in note 12.1 to the financial statements. Depreciation on additions is charged from the month in which the asset is put to use, while for disposals depreciation is charged upto the month of disposal.

Useful life of assets are reviewed at each financial year end and if expectations differ from previous estimates the change is accounted for as change in accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

### 2.3 Impairment of non-financial assets

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

### 2.4 Investments and other financial assets

#### a) Classification

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

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

#### b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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. There are three measurement categories into which the Company classifies its debt instruments:

#### 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 amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

#### Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

**Fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

**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).

**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.

**Fair value through profit or loss**

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

**2.5 Financial liabilities classification and measurement**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

**2.6 Impairment of financial assets**

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVTOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

**2.7 De-recognition of financial assets and financial liabilities****a) Financial assets**

The Company derecognizes 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 derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

**b) Financial liabilities**

The Company shall derecognizes 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 expires.

**2.8 Inventories**

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

**Stores and spare parts**

These are valued at moving average cost except for items in transit, which are valued at cost comprising invoice value plus other charges paid thereon. Provision is made against slow moving and obsolete items.

**Stock-in-trade**

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

- |  |   |
|--|---|
| (i) For raw materials:                       | At weighted average cost.   |
| (ii) For work-in-process and finished goods: | At average manufacturing cost including a proportion of production overheads. |

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

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

**2.9 Trade debts and other receivables**

Trade debts are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

**2.10 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. Except for the tax (final tax) deducted by subsidiaries, associates or joint arrangements on distribution of dividend to the Company, final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in the statement of profit or loss. Tax (final tax) deducted by subsidiaries, associates or joint arrangements on distribution of dividend to the Company is charged as current tax in the statement of profit or loss. The charge for current tax and levy also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years. Previously, component representing levy was included in provision for current tax and was not separately charged in the statement of profit or loss. Now, the Company has changed its accounting policy of taxation and levy in accordance with "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes" issued by Institute of Chartered Accountants of Pakistan through Circular No. 7/2024. This change in accounting policy has been applied retrospectively in accordance with the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and resulted in following reclassification of corresponding figures:

Reclassified from	Reclassified to	30 June 2023
..... (Rupees in thousand) .....		
<b>Statement of profit or loss:</b>		
Taxation	Levy final taxes	5,411
Taxation	Levy minimum tax differential	40,165
<b>Statement of financial position:</b>		
Provision for taxation	Levy payable	45,757
Advance income tax	Prepaid levy	5,411

Had there been no change in the above referred accounting policy, amounts of levy final taxes Rupees 0.135 million and levy-minimum tax differential Rupees 81.551 million, levy payable Rupees 81.686 million and prepaid levy Rupees 0.135 million would have been presented as taxation expense, provision for taxation and advance income tax respectively in these financial statements for the year ended 30 June 2024. Further, this change in accounting policy has no impact on earnings per share of the Company. Furthermore, the Company has not presented the third statement of financial position as at the beginning of the preceding period as the retrospective application do not have an effect on the information in the statement of financial position at the beginning of the preceding period.

**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 recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**2.11 Cash and cash equivalents**

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

**2.12 Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in statement of profit or loss in the period in which they are incurred.

**2.13 Trade and other payables**

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost and subsequently measured at amortized cost using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

### 2.14 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.

### 2.15 Functional and presentation currency

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. Figures are rounded off to the nearest thousand of Pak Rupees.

### 2.16 Employee benefits

#### Defined contribution plan

The Company operates a funded employees' provident fund scheme for its permanent employees. Equal monthly contributions are made both by the Company and employees to the fund.

#### Compensated absences

Compensated absences are accounted for in the period in which the absences are earned.

### 2.17 Borrowings

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

### 2.18 Revenue recognition

#### i. Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

#### ii. Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised 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.

#### iii. Dividend

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

#### iv. Rent

Rent revenue is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned

### 2.19 Contract liabilities

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

### 2.20 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

### 2.21 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.

### 2.22 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

**NOTES TO THE FINANCIAL STATEMENTS**

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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.

**2.23 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 periods in which these are approved by the Board of Directors.

**3. SUMMARY OF OTHER ACCOUNTING POLICIES****3.1 Earnings per share**

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

**3.2 Refund liabilities**

Refund liabilities are recognised where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

**3.3 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.

**3.4 Customer acquisition costs**

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

**3.5 Share capital**

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

**3.6 Customer fulfilment costs**

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

**3.7 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.

**3.8 Foreign currency transactions and translation**

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.

**3.9 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.



**NOTES TO THE FINANCIAL STATEMENTS**

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**3.10 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.

**3.11 Right-of-use assets**

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses (if any). Cost comprises of the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

**3.12 Lease liabilities**

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

**4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

2024 (Number of shares)	2023		2024 (Rupees in thousand)	2023
<b>7,510,000</b>	7,510,000	Ordinary shares of Rupees 10 each fully paid in cash	<b>75,100</b>	75,100
<b>1,130,000</b>	1,130,000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	<b>11,300</b>	11,300
<b>8,640,000</b>	8,640,000		<b>86,400</b>	86,400

	2024 (Rupees in thousand)	2023
<b>4.1</b> Ordinary shares of the Company held by associated companies:		
Premier Insurance Limited	<b>399,000</b>	399,000
The Crescent Textile Mills Limited	<b>812,160</b>	812,160
Crescent Powertec Limited	<b>1,720,105</b>	1,720,105
	<b>2,931,265</b>	2,931,265

- 4.2** The share capital of the Company consists only of fully paid ordinary shares with a nominal (par) value of Rupees 10 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholder's meetings of the Company.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

	2024 (Rupees in thousand)	2023
<b>5. RESERVES</b>		
<b>Composition of reserves is as follows:</b>		
<b>Capital</b>		
Premium on issue of right shares (Note 5.1)	86,400	86,400
Fair value reserve FVTOCI investments (Note 5.2)	47,423	25,911
	<b>133,823</b>	112,311
<b>Revenue</b>		
General reserve	600,000	600,000
Un-appropriated profit	111,095	144,990
	<b>711,095</b>	744,990
	<b>844,918</b>	857,301

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

**5.2** This represents the unrealized gain on re-measurement of investments at fair value through other comprehensive income and is not available for distribution. Reconciliation of fair value reserve is as under:

	2024 (Rupees in thousand)	2023
Balance as on 01 July	25,911	33,353
Fair value adjustment during the year	21,512	(7,442)
Balance as on 30 June	47,423	25,911

**6. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE**

Gas Infrastructure Development Cess payable at amortized cost	31,226	34,130
Add: Adjustment due to impact of IFRS 9 (Note 28)	-	21
Less: Payments made during the year	-	(2,925)
Balance as on 30 June	31,226	31,226
Current portion shown under current liabilities	(31,226)	(31,226)
	-	-

**6.1** This represents Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2015. During the year ended 30 June 2021, Honourable Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. GIDC payable has been recorded at amortised cost in accordance with IFRS 9 'Financial Instruments'.

	2024 (Rupees in thousand)	2023
<b>7. TRADE AND OTHER PAYABLES</b>		
Creditors (Note 7.1)	474,957	688,709
Accrued liabilities	316,390	376,612
Infrastructure cess payable (Note 7.2)	19,010	16,946
Contract liabilities - unsecured	177,223	115,546
Due to related parties (Note 7.3)	136,443	146,526
Income tax deducted at source	719	1,750
Payable to employees' provident fund trust	1,546	737
Workers' profit participation fund (Note 7.4)	2,863	114
Workers' welfare fund (Note 7.5)	18,060	16,983
	<b>1,147,211</b>	1,363,923

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	2024 (Rupees in thousand)	2023
<b>7.1</b> These include amounts due to following associated companies in the ordinary course of business:		
The Crescent Textile Mills Limited	70	461
Crescent Group (Private) Limited	70	70
Suraj Cotton Mills Limited	7,177	7,177
	<b>7,317</b>	7,708

- 7.2** This represents provision for infrastructure cess imposed by the Province of Sindh through Sindh Finance Act, 1994 and its subsequent versions including the final version i.e. Sindh Development and Maintenance of Infrastructure Cess Act, 2017. The Company filed writ petition in Honourable Sindh High Court, Karachi whereby stay was granted and directions were given to provide bank guarantees in favour of Director Excise and Taxation, Karachi. The Honourable Sindh High Court, Karachi passed order dated 04 June 2021 against the Company and directed that bank guarantees should be encashed. Being aggrieved by the order, the Company along with others filed petitions for leave to appeal before Honourable Supreme Court of Pakistan against the Sindh High Court's judgment in relation to Sindh infrastructure development cess. On 01 September 2021, after hearing the petitioners, the Honourable Supreme Court dictated the order in open court granting leave to appeal to the petitioners and restraining the Sindh Government from encashing the bank guarantees furnished in pursuance of the interim orders passed by the Sindh High Court. The Honourable Supreme Court was also pleased to direct the release of future consignments subject to furnishing of bank guarantees for the disputed amount. The detail of provision is as follows:

	2024 (Rupees in thousand)	2023
Balance as on 01 July	16,946	16,656
Add: Provision made during the year	2,064	290
Balance as on 30 June	<b>19,010</b>	16,946

- 7.3** This amount is due to Chief Executive of the Company, his spouse and his son (executive director) and has been utilized for working capital purposes. It is unsecured, interest free and repayable on demand.

	2024 (Rupees in thousand)	2023
<b>7.4 Workers' profit participation fund</b>		
Balance as on 01 July	114	20,701
Add: Provision for the year (Note 26)	2,834	-
Add: Interest for the year (Note 28)	29	114
Less: Payments during the year	(114)	(20,701)
Balance as on 30 June	<b>2,863</b>	114

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

	2024 (Rupees in thousand)	2023
<b>7.5 Workers' welfare fund</b>		
Balance as on 01 July	16,983	16,983
Add: Provision for the year (Note 26)	1,077	-
Balance as on 30 June	<b>18,060</b>	16,983

**8. ACCRUED MARK-UP**

Short term borrowings	18,478	4,959
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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

	2024 (Rupees in thousand)	2023
<b>9. SHORT TERM BORROWINGS</b>		
<b>From banking companies - secured</b>		
Running finances (Note 9.1 and 9.2)	305,206	108,298
Cash finances (Note 9.1 and 9.3)	-	-
	<b>305,206</b>	108,298
<b>From associated company - unsecured</b>		
Crescent Powertec Limited (Note 9.4)	100,000	-
	<b>405,206</b>	108,298

**9.1** These finances are obtained from banking companies under markup arrangements and are secured against the first joint pari passu hypothecation charge on all present and future current assets of the Company and pledge of stocks amounting to Rupees 1,255 million (2023: Rupees 1,470 million). These form part of total credit facilities of Rupees 700 million (2023: Rupees 1,100 million).

**9.2** The rates of mark-up range from 23.52% to 25.11% (2023: 15.80% to 23.20%) per annum during the year on the balance outstanding.

**9.3** The rates of mark-up ranged from 23.34% to 23.86% (2023: 15.55%) per annum during the year on the balance outstanding.

**9.4** This represents unsecured loan from Crescent Powertec Limited (CPL) - associated company for working capital requirement. Total credit facility amounts to Rupees 100 million (2023: Rupees Nil). This carries mark-up at the rate of 1 month KIBOR plus two percent per annum or average borrowing cost of CPL, whichever is higher. Effective rate of mark-up charged on this short term loan ranged from 22.83% to 24.37% (2023: Nil) per annum.

	2024 (Rupees in thousand)	2023
<b>10 TAXATION AND LEVY PAYABLE - NET</b>		
<b>Provision for taxation - net</b>		
Provision for taxation	29,816	25,082
Less: Advance income tax	(101,958)	(64,072)
	<b>(72,142)</b>	(38,990)
<b>Levy payable - net</b>		
Levy payable	81,686	45,757
Less: Prepaid levy	(135)	(5,411)
	<b>81,551</b>	40,346
	<b>9,409</b>	1,356

**11. CONTINGENCIES AND COMMITMENTS****a) Contingencies**

- i) Bank guarantees of Rupees 76.249 (2023: Rupees 74.249 million) million are given by the banks of the Company in favor of Sui Northern Gas Pipelines Limited against gas connections and Director Excise and Taxation, Karachi against infrastructure cess.
- ii) The Company is contesting Punjab sales tax demand of Rupees 10.547 million along with default surcharge before the Appellate Tribunal, Punjab Revenue Authority, Lahore and confident of favourable outcome of the matter. Hence, no provision there against has been recognized in these financial statements.

**b) Commitments**

- i) Letters of credit for other than capital expenditures amounted to Rupees 126.823 million (2023: Rupees 24.158 million).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	(Rupees in thousand)	
<b>12. PROPERTY, PLANT AND EQUIPMENT</b>		
• Operating fixed assets (Note 12.1)	729,263	701,903
Capital work-in-progress (Note 12.2)	36,475	17,725
	<b>765,738</b>	<b>719,628</b>

12.1 Reconciliation of carrying amounts of operating fixed assets at the beginning and at the end of the year is as follows:

	Freehold land	Factory building on freehold Land	Residential and other building on freehold land	Plant and machinery	Electric & sui gas Installations	Factory equipment	Furniture, fixtures and fittings	Vehicles	Total
<b>At 30 June 2022</b>									
Cost	3,192	310,102	125,678	1,709,642	47,199	2,608	900	46,191	2,245,512
Accumulated depreciation	-	(144,137)	(46,853)	(1,275,815)	(37,205)	(2,320)	(734)	(23,606)	(1,530,670)
Net book value	3,192	165,965	78,825	433,827	9,994	288	166	22,585	714,842
<b>Year ended 30 June 2023</b>									
Opening net book value	3,192	165,965	78,825	433,827	9,994	288	166	22,585	714,842
Additions	-	-	-	47,714	-	-	-	14,336	62,050
Disposals:									
Cost	-	-	-	(60,192)	-	-	-	(8,168)	(68,360)
Accumulated depreciation	-	-	-	52,505	-	-	-	6,085	58,590
Depreciation charge	-	(8,298)	(3,941)	(7,687)	(999)	(29)	(17)	(2,083)	(9,770)
Closing net book value	3,192	157,667	74,884	427,964	8,995	259	149	28,793	701,903
<b>At 30 June 2023</b>									
Cost	3,192	310,102	125,678	1,697,164	47,199	2,608	900	52,359	2,239,202
Accumulated depreciation	-	(152,435)	(50,794)	(1,269,200)	(38,204)	(2,349)	(751)	(23,566)	(1,537,299)
Net book value	3,192	157,667	74,884	427,964	8,995	259	149	28,793	701,903
<b>Year ended 30 June 2024</b>									
Opening net book value	3,192	157,667	74,884	427,964	8,995	259	149	28,793	701,903
Additions	-	-	-	82,015	-	-	-	15,490	97,505
Disposals:									
Cost	-	-	-	(13,951)	(70)	(493)	-	(5,653)	(20,167)
Accumulated depreciation	-	-	-	12,386	69	442	-	2,512	15,409
Depreciation charge	-	(7,883)	(3,744)	(1,565)	(1)	(51)	(15)	(3,141)	(4,758)
Closing net book value	3,192	149,784	71,140	461,521	8,094	183	134	35,215	729,263
<b>At 30 June 2024</b>									
Cost	3,192	310,102	125,678	1,765,228	47,129	2,115	900	62,196	2,316,540
Accumulated depreciation	-	(160,318)	(54,538)	(1,303,707)	(39,035)	(1,932)	(766)	(26,981)	(1,587,277)
Net book value	3,192	149,784	71,140	461,521	8,094	183	134	35,215	729,263
<b>Annual rate of depreciation (%)</b>	-	5	5	10	10	10	10	10	20

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

**12.1.1 Detail of operating fixed asset, 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	Gain	Mode of disposal	Particulars of purchaser
(Rupees in thousand)								
<b>Vehicles</b>								
MG AEK-600	1	5,653	2,512	3,141	6,000	2,859	Negotiation	Mr. Abeer Nayar, Lahore.
<b>Plant and machinery</b>								
Diesel Generator	1	1,760	1,192	568	563	(5)	Negotiation	Mr. Ghulam Mustafa, Lahore
<b>Aggregate of other Operating fixed assets with individual book values not exceeding Rupees 500,000</b>								
	24	12,754	11,705	1,049	10,650	9,601	Negotiation	H.A.H Traders, Faisalabad.
		20,167	15,409	4,758	17,213	12,455		

2024	2023
(Rupees in thousand)	

**12.1.2 Depreciation charge for the year has been allocated as follows:**

Cost of sales (Note 23)	57,388	56,992
Administrative expenses (Note 25)	7,999	8,227
	<b>65,387</b>	65,219

**12.1.3 Particulars of immovable properties (i.e. land and buildings) are as follows:**

Manufacturing units	Address	Area of land	Covered area of buildings
Square feet			
<b>Manufacturing units</b>			
Spinning unit I	3-KM, Faisalabad Road, Chiniot	28.256 acres	428,644
Spinning unit II and unit III	Kotla Kahloon, District Nankana Sahib	27.043 acres	533,160
<b>Office</b>			
	Office No. 801, Tricon Corporate Centre 73-E, Jail Road, Gulberg II, Lahore	5,760 square feet	5,760

**12.2 Capital work-in-progress**

Residential and other buildings on freehold land (Note 12.2.1)	17,725	17,725
Plant and machinery (Note 12.2.1)	18,750	-
Advances against purchase of vehicles (Note 12.2.1)	-	-
	<b>36,475</b>	17,725

**12.2.1 Movement in capital work in progress**

	Residential and other buildings on freehold land	Plant and machinery	Advance against purchase of vehicles	Total
----- (Rupees in thousand) -----				
<b>At 30 June 2022</b>	-	-	4,803	4,803
Add: Additions during the year	17,725	-	159	17,884
Less: Transferred to operating fixed assets during the year	-	-	(4,962)	(4,962)
<b>At 30 June 2023</b>	17,725	-	-	17,725
Add: Additions during the year	-	18,750	-	18,750
Less: Transferred to operating fixed assets during the year	-	-	-	-
<b>At 30 June 2024</b>	17,725	18,750	-	36,475

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

**13. LONG TERM INVESTMENTS****Equity instruments - Fair value through other comprehensive income**

2024			2023		
Cost	Fair Value adjustment	Fair Value	Cost	Fair Value adjustment	Fair Value

----- (Rupees in thousand) -----

**Quoted - Investments in related parties (Note 13.1)**

Crescent Jute Products Limited (Note 13.2 and 13.4)  
12,476 (2023: 12,476) fully paid ordinary shares of  
Rupees 10 each. Equity held 0.053% (2023: 0.053%)

Premier Insurance Limited  
739,069 (2023: 739,069) fully paid ordinary shares of  
Rupees 10 each. Equity held 1.46% (2023: 1.46%)

-	-	-	-	-	-
6,196	(1,835)	4,361	6,196	(2,501)	3,695
6,196	(1,835)	4,361	6,196	(2,501)	3,695

**Quoted - Others**

Crescent Cotton Mills Limited  
176,790 (2023: 176,790) fully paid ordinary  
shares of Rupees 10 each.

Jubilee Spinning and Weaving Mills Limited  
7,788 (2023: 7,788) fully paid ordinary  
shares of Rupees 10 each.

Crescent Fibres Limited  
31,920 (2023: 31,920) fully paid ordinary  
shares of Rupees 10 each.

Samba Bank Limited  
2,764,113 (2023: 2,764,113) fully paid ordinary  
shares of Rupees 10 each.

EFU Life Assurance Limited  
60,000 (2023: 60,000) fully paid ordinary  
shares of Rupees 10 each.

876	15,406	16,282	876	5,110	5,986
9	94	103	9	11	20
256	1,627	1,883	256	1,064	1,320
8,383	23,847	32,230	8,383	13,232	21,615
3,519	8,284	11,803	3,519	8,995	12,514
13,043	49,258	62,301	13,043	28,412	41,455

**Unquoted - Others**

Crescent Spinning Mills Limited (Note 13.3 and 13.4)  
208,800 (2023: 208,800) fully paid ordinary  
shares of Rupees 10 each.

Crescent Modaraba Management Company Limited (Note 13.4)  
193,000 (2023: 193,000) fully paid ordinary  
shares of Rupees 10 each.

-	-	-	-	-	-
-	-	-	-	-	-
19,239	47,423	66,662	19,239	25,911	45,150

**13.1** These companies are related parties due to common directorship.

**13.2** Crescent Jute Products Limited (CJPL) has discontinued its business since long. Securities and Exchange Commission of Pakistan (SECP) has passed an order on 17 March 2017 under section 309 read with section 305 of the Companies Ordinance, 1984 (now Companies Act 2017), authorizing the Registrar, Company Registration Office, SECP to initiate the winding up petition of CJPL. The same information has been sent to Pakistan Stock Exchange by SECP on 15 December 2017 and publically made available on the same date. Based on the above and keeping in view the financial position of CJPL, investment of the Company has been fully impaired in these financial statements.

**13.3** The official liquidator has submitted the statement in the Lahore High Court for final liquidation of Crescent Spinning Mills Limited and the final decision is still awaited.

**13.4** Full amount of impairment has been provided against investment in Crescent Spinning Mills Limited, Crescent Modaraba Management Company Limited and Crescent Jute Products Limited.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

**14. LONG TERM SECURITY DEPOSITS**

These represent security deposits with utility companies against utility connections. These are not being carried at amortized cost, as required by IFRS 9 'Financial Instruments' as it will have immaterial impact and thus carried at historical cost.

	2024 (Rupees in thousand)	2023
<b>15. DEFERRED INCOME TAX ASSET - NET</b>		
The asset for deferred income tax originated due to temporary differences relating to:		
<b>Deferred income tax assets</b>		
Minimum tax carried forward	173,493	147,428
Workers' welfare fund	5,237	4,764
Allowance for expected credit losses	3,740	1,724
Carried forward tax losses	28,377	41,080
Provision for slow moving and obsolete stores and spare parts	6,206	8,745
	<b>217,053</b>	203,741
<b>Deferred income tax liabilities</b>		
Accelerated tax depreciation	<b>(117,640)</b>	(115,173)
<b>Net deferred income tax asset</b>	<b>99,413</b>	88,568
<b>Deferred income tax asset not recognised in these financial statements</b>	<b>(99,413)</b>	(88,568)
<b>Deferred income tax asset recognised in these financial statements</b>	<b>-</b>	-

**15.1** The gross movement in net deferred income tax asset / (liability) recognised in these financial statements during the year is as follows:

Opening balance	-	-
(Charged) / credited to other comprehensive income	-	-
(Credited) / charged to statement of profit or loss	-	-
Closing balance	-	-

**15.2** Deductible temporary differences are considered to the extent that the realization of related tax benefits is probable from reversals of existing taxable temporary differences and future taxable profits.

Accounting year to which the minimum tax carry forward relates	Amount	Accounting year in which minimum tax carry forward will expire
--	--------	--

(Rupees in thousand)

Minimum tax carried forward	2024	81,551	2027
	2023	40,346	2026
	2022	336	2027
	2020	51,260	2025
Available unused tax loss - unabsorbed tax depreciation	2023	52,607	Unlimited
Available unused tax loss - business loss	2023	45,243	2029

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

	2024 (Rupees in thousand)	2023
<b>16. STORES AND SPARE PARTS</b>		
Stores	16,374	13,999
Spare parts	91,336	109,907
	<b>107,710</b>	123,906
Less: Provision for slow moving and obsolete items (Note 16.1)	<b>(21,400)</b>	(31,176)
	<b>86,310</b>	92,730
<b>16.1 Provision for slow moving and obsolete items</b>		
Balance as on 01 July	31,176	27,248
(Less) / Add: (Reversal) / provision made during the year (Note 27/Note 26)	<b>(9,776)</b>	3,928
Balance as on 30 June	<b>21,400</b>	31,176
<b>17. STOCK-IN-TRADE</b>		
Raw materials (Note 17.1)	255,446	126,732
Work-in-process	61,963	62,185
Finished goods	116,298	431,394
Waste stock	9,414	9,195
	<b>443,121</b>	629,506
<b>17.1</b> Raw materials include stock-in-transit of Rupees 23.187 million (2023: Rupees Nil).		
<b>17.2</b> Stock-in-trade of Rupees 81.126 million (2023: Rupees 424.783 million) is being valued at net realizable value.		
<b>17.3</b> The aggregate amount of write-down of inventories to net realizable value recognized during the year was Rupees 8.068 million (2023: Rupees 16.541 million).		
	2024 (Rupees in thousand)	2023
<b>18. TRADE DEBTS</b>		
<b>Considered good:</b>		
Unsecured:		
- Others	794,526	542,236
	<b>794,526</b>	542,236
Less: Allowance for expected credit losses (Note 18.1)	<b>(12,897)</b>	(6,147)
	<b>781,629</b>	536,089
<b>18.1 Allowance for expected credit losses</b>		
Balance as on 1 July	6,147	7,794
Add: Recognized during the year (Note 26)	6,750	-
Less: Reversal during the year (Note 27)	-	(1,647)
Balance as on 30 June	<b>12,897</b>	6,147
<b>18.2 Type of counterparties</b>		
Corporate	784,359	539,643
Others	10,167	2,593
	<b>794,526</b>	542,236

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

	2024 (Rupees in thousand)	2023
<b>19. ADVANCES</b>		
<b>Considered good:</b>		
Advances to employees - interest free	138	928
Advances to suppliers	4,311	1,265
Letters of credit	7,783	168
	<b>12,232</b>	2,361

<b>20. OTHER RECEIVABLES</b>		
<b>Considered good:</b>		
Due from associated companies (Note 20.1)	-	2,425
Duty drawback receivable	-	22,388
Cotton claim receivable	118	-
Margin against bank guarantee	10,000	8,000
Other	2,903	-
	<b>13,021</b>	32,813

**20.1** This represented amount due from Crescent Powertec Limited - associated company in the ordinary course of business. This was neither past due nor impaired. The maximum aggregate amount due from associated company at the end of any month during the year was Rupees 3.430 million (2023: Rupees 2.425 million).

	2024 (Rupees in thousand)	2023
<b>21. CASH AND BANK BALANCES</b>		
<b>Cash with banks:</b>		
On deposit accounts (Note 21.1)	57,373	17,750
On current accounts	1,220	7,575
	<b>58,593</b>	25,325
<b>Cash in hand</b>	<b>420</b>	411
	<b>59,013</b>	25,736

**21.1** Rate of profit on bank deposits ranges from 19.50% to 20.50% (2023: 12.25% to 19.50%) per annum.

	2024 (Rupees in thousand)	2023
<b>22. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		
Export sales	-	114,926
Local sales (Note 22.1 and 22.2)	6,916,185	3,194,088
	<b>6,916,185</b>	3,309,014
<b>22.1 Local sales</b>		
Sales	7,314,570	3,437,955
Less: Sales tax	(398,385)	(243,867)
	<b>6,916,185</b>	3,194,088

**22.2** Local sales include waste sales of Rupees 175.467 million (2023: Rupees 85.468 million).

**22.3** The amount of Rupees 14.424 million included in contract liabilities (Note 7) on 30 June 2023 has been recognized as revenue in 2024 (2023: Rupees 164.343 million).

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

- 22.4** Revenue is recognized at a point in time as per the terms and conditions of underlying contracts with customers. Sales of yarn represent 97% (2023: 97.42%) of the total sales of the Company. Remaining sales represent waste sales. 100% (2023: 96.52%) of the sales of the Company relate to customers in Pakistan. Of the remaining sales of the Company relating to customers outside Pakistan, Nil (2023: 100%) of those sales are made to customers in China.

	2024 (Rupees in thousand)	2023
<b>23. COST OF SALES</b>		
Raw materials consumed (Note 23.1)	4,898,820	2,715,004
Salaries, wages and other benefits (Note 23.2)	268,063	155,749
Stores and spare parts consumed	124,899	60,937
Packing materials consumed	78,462	33,342
Repair and maintenance	17,961	14,084
Fuel and power	868,582	330,178
Insurance	5,653	6,007
Other factory overheads	10,524	7,730
Depreciation (Note 12.1.2)	57,388	56,992
	<b>6,330,352</b>	3,380,023
Work-in-process		
Opening stock	62,185	84,228
Less: Closing stock	(61,963)	(62,185)
	222	22,043
Cost of goods manufactured	<b>6,330,574</b>	3,402,066
Finished goods and waste		
Opening stock	440,589	402,146
Less: Closing stock	(125,712)	(440,589)
	<b>314,877</b>	(38,443)
Cost of sales	<b>6,645,451</b>	3,363,623
<b>23.1 Raw materials consumed</b>		
Opening stock	126,732	144,746
Add: Purchased during the year	5,027,534	2,696,990
	<b>5,154,266</b>	2,841,736
Less: Closing stock	(255,446)	(126,732)
	<b>4,898,820</b>	2,715,004

- 23.2** Salaries, wages, and other benefits include provident fund contribution of Rupees 5.254 million (2023: Rupees 1.083 million) by the Company.

	2024 (Rupees in thousand)	2023
<b>24. DISTRIBUTION COST</b>		
Salaries and other benefits (Note 24.1)	5,857	1,565
Freight and forwarding - export	-	5,182
Freight - local	3,157	4,469
Commission to selling agents	51,857	25,630
	<b>60,871</b>	36,846

- 24.1** Salaries and other benefits include provident fund contribution of Rupees 0.225 million (2023: Rupees 0.046 million) by the Company.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

	2024 (Rupees in thousand)	2023
<b>25. ADMINISTRATIVE EXPENSES</b>		
Salaries and other benefits (Note 25.1)	60,274	65,511
Directors' meeting fee	640	740
Rent, rates and taxes (Note 25.2)	2,850	3,525
Insurance	1,077	470
Travelling and conveyance	9,068	7,003
Vehicles' running	7,455	5,761
Entertainment	1,668	1,686
Legal and professional	3,934	2,785
Auditor's remuneration (Note 25.3)	1,680	1,400
Advertisement	124	434
Postage and telephone	1,652	1,669
Electricity and gas	6,777	3,365
Printing and stationery	2,961	1,195
Repair and maintenance	6,737	4,334
Fee and subscription	8,458	8,186
Depreciation (Note 12.1.2)	7,999	8,227
Miscellaneous	14	5
	<b>123,368</b>	116,296

**25.1** Salaries and other benefits include provident fund contribution of Rupees 2.246 million (2023: Rupees 1.943 million) by the Company.

**25.2** This represents rent expense relating to lease of low value assets.

	2024 (Rupees in thousand)	2023
<b>25.3 Auditor's remuneration</b>		
Audit fee	1,350	1,070
Half yearly review	165	165
Other certifications	110	110
Out-of-pocket expenses	55	55
	<b>1,680</b>	1,400

**26. OTHER EXPENSES**

Workers' profit participation fund (Note 7.4)	2,834	-
Workers' welfare fund (Note 7.5)	1,077	-
Allowance for expected credit losses (Note 18.1)	6,750	-
Provision for slow moving and obsolete stores and spare parts (Note 16.1)	-	3,928
Duty drawback receivable written off	22,388	-
	<b>33,049</b>	3,928

	2024 (Rupees in thousand)	2023
<b>27. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Dividend income (Note 27.1)	900	22,686
Gain on redemption of mutual funds	-	3,653
Exchange gain - net	-	31,108
Profit on deposits with banks	5,807	5,643
Reversal of allowance for expected credit losses (Note 18.1)	-	1,647
	<b>6,707</b>	64,737

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

	2024 (Rupees in thousand)	2023
<b>Income from assets other than financial assets</b>		
Gain on sale of property, plant and equipment (Note 12.1.1)	12,455	9,691
Reversal of provision for slow moving and obsolete stores and spare parts (Note 16.1)	9,776	-
Reversal of provision for sales tax	28,431	-
Gain on disposal of stores and spare parts	8,204	-
Advance from customer written back	7,204	-
Scrap sales	2,981	33,629
Rental income	14,029	6,564
	<b>83,080</b>	49,884
	<b>89,787</b>	114,621

**27.1 Dividend income****Other than related parties:**

Crescent Cotton Mills Limited	-	133
EFU Life Assurance Limited	900	256
MCB Cash Management Optimizer	-	22,297
	<b>900</b>	22,686

**28. FINANCE COST**

## Mark-up on:

Short term borrowings	85,215	8,541
Interest on employees' provident fund	10	-
Interest on workers' profit participation fund (Note 7.4)	29	114
Bank charges and commission	5,249	1,982
Adjustment due to impact of IFRS 9 on GIDC (Note 6)	-	21
	<b>90,503</b>	10,658

**29. LEVY**

Final taxes	135	5,411
Minimum tax differential	81,551	40,165
	<b>81,686</b>	45,576

**29.1** Levy represents final tax levied under the Income Tax Ordinance, 2001 and minimum tax (excess over the amount designated as provision for current tax) on local sales under section 113.

	2024 (Rupees in thousand)	2023
<b>30. TAXATION</b>		
<b>For the year</b>		
Current tax (Note 30.1)	4,939	-
Deferred tax	-	-
<b>Prior year</b>		
Current tax	-	-
	<b>4,939</b>	-

**30.1** Reconciliation of tax and levy expense and product of accounting profit / (loss) multiplied by the applicable tax rate is as follows:

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

	<b>2024</b>	2023
	<b>(Rupees in thousand)</b>	
Accounting profit / (loss) before taxation	<b>52,730</b>	(107,716)
Applicable tax rate	<b>29%</b>	29%
Tax on accounting profit / (loss)	<b>15,292</b>	(31,238)
Effect of change in prior year's tax	-	(181)
Effect of final tax regime income	<b>(126)</b>	(9,546)
Effect due to adjustment of brought forward losses	<b>(13,084)</b>	-
Effect due to minimum tax	<b>81,551</b>	81,426
Effect of expense that are not considered in determining taxable liability	<b>6,493</b>	-
Others	<b>(3,500)</b>	5,115
Current income tax liability as per applicable tax laws	<b>86,625</b>	45,576
Levy (Note 29)	<b>(81,686)</b>	(45,576)
Current tax (Note 30)	<b>(4,939)</b>	-
	-	-
	<b>2024</b>	2023

**31. LOSS PER SHARE - BASIC AND DILUTED**

There is no dilutive effect on the basic earnings per share which is based on:

Loss attributable to ordinary shares	(Rupees in thousand)	<b>(33,895)</b>	(153,292)
Weighted average number of ordinary shares	(Numbers)	<b>8,640,000</b>	8,640,000
Loss per share	(Rupees)	<b>(3.92)</b>	(17.74)

	<b>2024</b>	2023
	<b>(Rupees in thousand)</b>	
<b>32. CASH GENERATED FROM OPERATIONS</b>		
<b>Profit / (loss) before taxation and levy</b>	<b>52,730</b>	(107,716)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation (Note 12.1.2)	<b>65,387</b>	65,219
Finance cost (Note 28)	<b>90,503</b>	10,658
Gain on sale of property, plant and equipment (Note 27)	<b>(12,455)</b>	(9,691)
Gain on redemption of mutual funds (Note 27)	-	(3,653)
Gain on disposal of stores and spare parts (Note 27)	<b>(8,204)</b>	-
Dividend income (Note 27)	<b>(900)</b>	(22,686)
Exchange gain (Note 27)	-	(31,108)
Allowance for / (reversal of) expected credit losses (Note 18.1)	<b>6,750</b>	(1,647)
Advance from customer written back (Note 27)	<b>(7,204)</b>	-
Duty drawback receivable written off (Note 26)	<b>22,388</b>	-
Profit on deposits with banks (Note 27)	<b>(5,807)</b>	(5,643)
(Reversal) / provision for slow moving and obsolete stores and spare parts (Note 16.1)	<b>(9,776)</b>	3,928
Reversal of provision for sale tax (Note 27)	<b>(28,431)</b>	-
Provision for workers' profit participation fund (Note 7.4)	<b>2,834</b>	-
Provision for workers' welfare fund (Note 7.5)	<b>1,077</b>	-
Working capital changes (Note 32.1)	<b>(166,761)</b>	301,065
	<b>2,131</b>	198,726



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

	2024 (Rupees in thousand)	2023
<b>32.1 Working capital changes</b>		
Decrease / (increase) in current assets:		
- Stores and spare parts	24,400	(7,388)
- Stock-in-trade	186,385	1,614
- Trade debts	(252,290)	400,247
- Advances	(9,871)	1,910
- Other receivables	(2,596)	2,227
- Sales tax refundable	100,545	(487,240)
	46,573	(88,630)
(Decrease) / increase in trade and other payables	(213,334)	389,695
	<b>(166,761)</b>	301,065

**32.2 Reconciliation of movement of liabilities to cash flows arising from financing activities**

	2024	
	Liabilities from financing activities	
	Short term borrowings	Unclaimed dividend
	(Rupees in thousands)	
Balance as at 01 July 2023	108,298	4,622
Short term borrowings - obtained	2,248,750	-
Short term borrowings - repaid	(1,951,842)	-
<b>Balance as at 30 June 2024</b>	<b>405,206</b>	<b>4,622</b>

	2023	
	Liabilities from financing activities	
	Short term borrowings	Unclaimed dividend
	(Rupees in thousands)	
Balance as at 01 July 2022	156,539	4,627
Short term borrowings - obtained	1,038,904	-
Short term borrowings - repaid	(1,087,145)	-
Dividend paid	-	(5)
<b>Balance as at 30 June 2023</b>	<b>108,298</b>	<b>4,622</b>

**32.3** There are no non-cash financing activities during the year.**33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

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

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

	Chief Executive		Director		Executives	
	2024	2023	2024	2023	2024	2023
	(Rupees in thousand)					
<b>Managerial remuneration</b>	<b>3,525</b>	14,086	<b>10,680</b>	8,543	<b>13,296</b>	6,463
<b>Allowances</b>						
House rent	<b>1,586</b>	6,339	<b>4,806</b>	3,844	<b>5,983</b>	2,909
Conveyance	-	-	-	-	<b>661</b>	242
Medical	-	-	-	-	<b>715</b>	506
Utilities	<b>353</b>	1,409	<b>1,068</b>	854	<b>563</b>	484
Contribution to provident fund	<b>212</b>	845	<b>765</b>	513	<b>958</b>	226
	<b>5,676</b>	22,679	<b>17,319</b>	13,754	<b>22,176</b>	10,830
<b>Number of persons</b>	<b>1</b>	1	<b>1</b>	1	<b>8</b>	3

**33.1** Chief executive, director and executives of the Company are provided with fully maintained vehicles.

**33.2** Non-executive directors of the Company were paid Rupees 0.640 million (2023: Rupees 0.740 million) as meeting fee.

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

**34. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated undertakings, other related parties, staff retirement benefit fund and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2024	2023
	(Rupees in thousand)	
<b>Associated companies</b>		
Sale of goods and services	<b>6,065</b>	5,452
Purchase of goods and services	<b>20,330</b>	2,455
Purchase of operating fixed asset	-	7,788
Insurance premium	<b>7,923</b>	7,513
Rent expense	<b>2,850</b>	3,300
Short term borrowing received	<b>150,000</b>	-
Short term borrowing repaid	<b>50,000</b>	-
Markup paid	<b>10,303</b>	-
<b>Other related parties</b>		
Company's contribution to employees' provident fund trust	<b>7,726</b>	3,073
Loan obtained from chief executive and his spouse	<b>10,000</b>	8,000
Loan repaid to chief executive and his spouse	<b>910</b>	79,000
Loan obtained from director	<b>24,219</b>	29,350
Loan repaid to director	<b>43,402</b>	10,000

**34.1** Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in Note 33.

**34.2** Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

Name of the related party	Basis of relationship	Transactions entered or agreements and /or arrangements in place during the financial year		Percentage of shareholding
		2024	2023	
Suraj Cotton Mills Limited	Common directorship	No	Yes	None
Crescent Powertec Limited	Common directorship	Yes	Yes	None
The Shams Textile Mills Limited	Post-employment			
Employees Provident Fund Trust	benefit plan	Yes	Yes	None
Premier Insurance Limited	Common directorship	Yes	Yes	1.46%
The Crescent Textile Mills Limited	Common directorship	Yes	Yes	None
Crescent Jute Products Limited	Common directorship	No	No	0.05%
S2 Power Limited	Common directorship	No	No	None
S2 Solar Limited	Common directorship	No	No	None
Crescent Agri (Private) Limited	Common directorship	No	No	None
Crescent Venture (Private) Limited	Common directorship	No	No	None
Crescot Mills Limited	Common directorship	Yes	No	None
S2 Hydro Limited	Common directorship	No	No	None
Bhikki Spinning Mills (Private) Limited	Common directorship	No	No	None
Crescent Retail (Private) Limited	Common directorship	No	No	None
Crescent Group (Private) Limited	Common directorship	No	No	None
Suraj Brands (Private) Limited	Common directorship	No	No	None
Suraj Fabrics Limited	Common directorship	No	No	None
Bridgeline Global Logistics (Private) Limited	Common directorship	Yes	No	None
Crescent Educational Trust	Director is trustee of the Trust	No	No	None
Mr. Khalid Bashir	Chief Executive Officer	Yes	Yes	None
Mr. Muhammad Anwar	Director	Yes	Yes	None
Mr. Adil Bashir	Director	Yes	Yes	None
Mr. Shahid Arshad	Director	Yes	Yes	None
Mr. Khurram Mazhar Karim	Director	Yes	Yes	None
Mr. Muhammad Shafiq Gill	Director	Yes	Yes	None
Mr. Asif Bashir	Director	Yes	Yes	None
Mrs. Minail Mishal Adamjee	Director	Yes	Yes	None
Mrs. Tanveer Khalid Bashir	Spouse of Chief Executive	No	No	None

**35. PROVIDENT FUND**

As at the reporting date, The Shams 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.

	2024	2023
<b>36. NUMBER OF EMPLOYEES</b>		
Number of employees as on 30 June	592	386
Average number of employees during the year	510	280

**37. FINANCIAL RISK MANAGEMENT****37.1 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 minimise potential adverse effects on the 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 and investment of excess liquidity.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

**(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.

As at the reporting date, there are no significant receivables or payables in foreign currencies. Hence, the Company is not exposed to currency risk.

**(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 instrument traded in the market. The Company is not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

**Sensitivity analysis**

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

Index	Impact on statement of comprehensive income (fair value reserve)	
	2024 (Rupees in thousand)	2023
PSX (5% increase)	3,333	2,258
PSX (5% decrease)	(3,333)	(2,258)

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 fair value or future cash flows of a financial instrument will fluctuate because of changes in market instruments.

The Company has no long-term interest-bearing asset. The Company's interest rate risk arises from short term borrowings and bank balances in deposit accounts. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained 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:

	2024 (Rupees in thousand)	2023
<b>Fixed rate instruments</b>		
<b>Financial assets</b>	-	-
<b>Financial liabilities</b>	-	-
<b>Floating rate instruments</b>		
<b>Financial assets</b>	-	-
Bank balances - deposit accounts	57,373	17,750
<b>Financial liabilities</b>		
Short term borrowings	405,206	108,298

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

**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, loss after taxation for the year would have been Rupees 3.235 million (2023: Rupees 0.905 million) higher / lower mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities 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:

	2024 (Rupees in thousand)	2023
Long term investments	66,662	45,150
Long term security deposits	25,522	7,736
Trade debts	781,629	536,089
Advances	138	928
Other receivables	13,021	10,425
Bank balances	58,593	25,325
	<b>945,565</b>	<b>625,653</b>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

Rating			2024	2023
Short Term	Long Term	Agency	(Rupees in thousand)	

**Banks**

National Bank of Pakistan	A1+	AAA	PACRA	103	103
MCB Bank Limited	A1+	AAA	PACRA	51,665	24,239
Faysal Bank Limited	A1+	AA	PACRA	871	860
Allied Bank Limited	A1+	AAA	PACRA	35	35
United Bank Limited	A1+	AAA	VIS	-	37
Meezan Bank Limited	A1+	AAA	VIS	5,896	-
Finca Microfinance Bank Limited	A-2	A-	VIS	23	51
				<b>58,593</b>	<b>25,325</b>

**Investments**

Premier Insurance Limited		A	PACRA	4,361	3,695
Samba Bank Limited	A1	AA	PACRA	32,230	21,615
EFU Life Assurance Limited		AA++	VIS	11,803	12,514
Crescent Cotton Mills Limited		Unknown	-	16,282	5,986
Crescent Fibres Limited		Unknown	-	1,883	1,320
Jubilee Spinning and Weaving Mills Limited		Unknown	-	103	20
				<b>66,662</b>	<b>45,150</b>
				<b>125,255</b>	<b>70,475</b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly the credit risk is minimal.

**Trade debts**

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained from these customers to calculate the net exposure towards these customers. The Company has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of time before 30 June 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product, Unemployment, Interest and the Inflation Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 June 2024 and 30 June 2023 was determined as follows:

**At 30 June 2024**

	Local Sale		
	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)	
Not past due	0.00%	502,953	-
Up to 30 days	0.51%	216,588	1,099
31 to 60 days	1.64%	37,049	607
61 to 90 days	6.90%	54	4
91 to 180 days	26.91%	31,523	8,482
181 to 360 days	36.13%	5,721	2,067
Above 360 days	100.00%	638	638
		<b>794,526</b>	<b>12,897</b>

**At 30 June 2023**

	Local Sale		
	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)	
Not past due	0.00%	527,903	-
Up to 30 days	3.00%	578	17
31 to 60 days	5.80%	3,980	222
61 to 90 days	22.92%	3,379	774
91 to 180 days	38.57%	2,003	773
181 to 360 days	62.85%	87	55
Above 360 days	100.00%	4,306	4,306
		<b>542,236</b>	<b>6,147</b>

**(c) Liquidity risk**

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2024, the Company had Rupees 394.794 million (2023: Rupees 991.702 million) available borrowing limits from financial institutions and Rupees 59.013 million (2023: Rupees 25.736 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 amount disclosed in the table are undiscounted cash flows:

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

Contractual maturities of financial liabilities as at 30 June 2024

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
(Rupees in thousand)						
<b>Non-derivative financial liabilities:</b>						
Trade and other payables	927,790	927,790	927,790	-	-	-
Accrued mark-up	18,478	18,478	18,478	-	-	-
Short term borrowings	405,206	413,239	413,239	-	-	-
Unclaimed dividend	4,622	4,622	4,622	-	-	-
	<b>1,356,096</b>	<b>1,364,129</b>	<b>1,364,129</b>	-	-	-

Contractual maturities of financial liabilities as at 30 June 2023

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
(Rupees in thousand)						
Non-derivative financial liabilities:						
Trade and other payables	1,211,847	1,211,847	1,211,847	-	-	-
Accrued mark-up	4,959	4,959	4,959	-	-	-
Short term borrowings	108,298	110,437	110,437	-	-	-
Unclaimed dividend	4,622	4,622	4,622	-	-	-
	<b>1,329,726</b>	<b>1,331,865</b>	<b>1,331,865</b>	-	-	-

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 9 to these financial statements.

**37.2 Financial instruments by categories**

	Amortized cost	FVTOCI	Total
(Rupees in thousand)			
<b>Assets as per statement of financial position</b>			
<b>As at 30 June 2024</b>			
Long term investments	-	66,662	66,662
Long term security deposits	25,522	-	25,522
Trade debts	781,629	-	781,629
Advances	138	-	138
Other receivables	13,021	-	13,021
Cash and bank balances	59,013	-	59,013
	<b>879,323</b>	<b>66,662</b>	<b>948,985</b>

	Amortized cost	FVTOCI	Total
(Rupees in thousand)			
Assets as per statement of financial position			
As at 30 June 2023			
Long term investments	-	45,150	45,150
Long term security deposits	7,736	-	7,736
Trade debts	536,089	-	536,089
Advances	928	-	928
Other receivables	10,425	-	10,425
Cash and bank balances	25,736	-	25,736
	<b>580,914</b>	<b>45,150</b>	<b>626,064</b>



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

	Financial liabilities at amortized cost	
	2024	2023
	(Rupees in thousand)	
<b>Liabilities as per statement of financial position</b>		
Trade and other payables	927,790	1,211,847
Accrued mark-up	18,478	4,959
Short term borrowings	405,206	108,298
Unclaimed dividend	4,622	4,622
	<b>1,356,096</b>	<b>1,329,726</b>

**37.3 Reconciliation to the line items presented in the statement of financial position is as follows:**

	2024		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	(Rupees in thousand)		
<b>Assets</b>			
Long term investments	66,662	-	66,662
Long term security deposits	25,522	-	25,522
Trade debts	781,629	-	781,629
Advances	138	12,094	12,232
Other receivables	13,021	-	13,021
Cash and bank balances	59,013	-	59,013
	<b>945,985</b>	<b>12,094</b>	<b>958,079</b>

	2024		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	(Rupees in thousand)		
<b>Liabilities</b>			
Trade and other payables	927,790	219,421	1,147,211
Accrued mark-up	18,478	-	18,478
Short term borrowings	405,206	-	405,206
Unclaimed dividend	4,622	-	4,622
	<b>1,356,096</b>	<b>219,421</b>	<b>1,575,517</b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

2023		
Financial assets	Non-financial assets	Assets as per statement of financial position

(Rupees in thousand)

**Assets**

Long term investments	45,150	-	45,150
Long term security deposits	7,736	-	7,736
Trade debts	536,089	-	536,089
Advances	928	1,433	2,361
Other receivables	10,425	22,388	32,813
Cash and bank balances	25,736	-	25,736
	626,064	23,821	649,885

2023		
Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position

(Rupees in thousand)

**Liabilities**

Trade and other payables	1,211,847	152,076	1,363,923
Accrued mark-up	4,959	-	4,959
Short term borrowings	108,298	-	108,298
Unclaimed dividend	4,622	-	4,622
	1,329,726	152,076	1,481,802

**37.4 Offsetting financial assets and financial liabilities**

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

**38. 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 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 short term borrowings obtained by the Company as referred to in note 9. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

		2024	2023
Borrowings	Rupees in thousand	405,206	108,298
Total equity	Rupees in thousand	931,318	943,701
Total capital employed	Rupees in thousand	1,336,524	1,051,999
Gearing ratio	Percentage	30.32	10.29

Increase in gearing ratio is due to increase in borrowings.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

**39. UNUTILIZED CREDIT FACILITIES**

	Non-funded		Funded	
	2024	2023	2024	2023
	<b>(Rupees in thousand)</b>			
Total facilities	<b>800,000</b>	800,000	<b>700,000</b>	1,100,000
Utilized at the end of the year	<b>(123,287)</b>	(127,298)	<b>(305,206)</b>	(108,298)
Unutilized at the end of the year	<b>676,713</b>	672,702	<b>394,794</b>	991,702
			<b>2024</b>	2023

**40. PLANT CAPACITY AND ACTUAL PRODUCTION**

Number of spindles installed	<b>51,312</b>	51,312
Number of spindles operated	<b>19,900</b>	7,103
100% plant capacity converted to 20s on 3 shifts per day (Kgs)	<b>19,346,188</b>	19,346,188
Actual production converted to 20s on 3 shifts per day (Kgs)	<b>3,236,147</b>	1,361,707

**40.1 Reasons for low production:**

Under utilization of available capacity was due to temporary closure of Company's spinning units due to low demand.

**41. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL STATEMENTS****(i) Fair value hierarchy**

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised 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 the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 30 June 2024	Level 1	Level 2	Level 3	Total
---	---------	---------	---------	-------

(Rupees in thousands)

<b>Financial assets</b>				
<b>Fair value through other comprehensive income</b>	<b>66,662</b>	-	-	<b>66,662</b>
<b>Total financial assets</b>	<b>66,662</b>	-	-	<b>66,662</b>

Recurring fair value measurements At 30 June 2023	Level 1	Level 2	Level 3	Total
---	---------	---------	---------	-------

(Rupees in thousands)

<b>Financial assets</b>				
<b>Fair value through other comprehensive income</b>	45,150	-	-	45,150
<b>Total financial assets</b>	45,150	-	-	45,150

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 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.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

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

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

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

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

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

**(ii) Valuation techniques used to determine fair values**

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

**42 DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX**

	2024	2023
	(Rupees in thousand)	
<b>Description</b>		
<b>Loan / advances obtained as per Islamic mode:</b>		
Advances from customers (Note 7)	177,223	115,546
<b>Shariah compliant bank deposits / bank balances</b>		
Bank balances (Note 21)	6,863	955
<b>Profit earned from shariah compliant bank deposits / bank balances</b>		
Profit on deposits with banks (Note 27)	312	-
<b>Revenue earned from shariah compliant business (Note 22)</b>	6,916,185	3,309,014
<b>Gain or dividend earned from shariah complaint investments</b>	-	-
<b>Exchange gain (Note 27)</b>	-	31,108
<b>Mark-up paid on Islamic mode of financing</b>	-	-
<b>Profits earned or interest paid on any conventional loan / advance</b>		
Interest paid on loans	71,696	12,866
Profit earned on deposits with banks (Note 27)	5,495	5,643
<b>Relationship with shariah compliant banks</b>		
<b>Name</b>	<b>Relationship</b>	
Bank Islami Pakistan Limited	Bank balance	
National Bank of Pakistan (Islamic)	Bank balance	
Meezan Bank Limited	Bank balance	
Faysal Bank (Islamic)	Bank Balance	

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

**43 OPERATING SEGMENTS**

These financial statements have been prepared on the basis of single reportable segment.

Sales of yarn represents 97.46% (2023: 97.42%) of the total sales of the Company.

100% (2023: 96.52%) of the sales of the Company relates to customers in Pakistan. Out of the remaining sales of the Company relating to customers outside Pakistan, Nil (2023: 100%) of those sales are made to customers in China.

All non-current assets of the Company at 30 June 2024 are located in Pakistan.

68.04% (2023: 56.87%) of the total sales of the Company are made to a single customer in Pakistan.

**44 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 27 September, 2024 by the Board of Directors of the Company.

**45 CORRESPONDING FIGURES**

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, except for reclassification as disclosed in note 2.10 to these financial statements, no significant rearrangements / reclassification have been made.

**46 GENERAL**

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**The Companies ACT, 2017**  
**The Companies (General Provisions and Forms) Regulations,**  
**2018[Section 227(2)(f)]**  
**Pattern of Shareholding**

**Form - 34**

	<b>PART -I</b>
Name of The Company	<b>Shams Textile Mills Limited</b>
	<b>PART -II</b>

Pattern of Holding of the Shares held by the Shareholders as at :June 30, 2024

Number of Shareholders	Shareholding		Total Shares held
	From	To	
451	1	100	18,011
268	101	500	70,737
57	501	1,000	41,661
98	1,001	5,000	240,270
25	5,001	10,000	188,973
12	10,001	15,000	157,911
7	15,001	20,000	118,599
5	20,001	25,000	113,264
8	25,001	30,000	214,931
4	30,001	35,000	134,921
3	35,001	40,000	113,335
1	40,001	45,000	45,000
2	45,001	50,000	94,951
1	55,001	60,000	55,983
1	70,001	75,000	74,209
1	85,001	90,000	89,500
1	110,001	115,000	110,806
1	120,001	125,000	125,000
1	225,001	230,000	229,994
1	260,001	265,000	263,067
1	295,001	300,000	296,460
1	310,001	315,000	313,979
1	395,001	400,000	399,000
1	625,001	630,000	628,499
1	810,001	815,000	812,160
1	945,001	950,000	949,726
1	1,015,001	1,020,000	1,018,998
1	1,720,001	1,725,000	1,720,055
<b>956</b>			<b>8,640,000</b>

As On: June 30, 2024

2.3 Categories of Shareholder	Share held	Percentage
2.3.1 - Directors, CEO, Their Spouse and Minor Childern	2,543,578	29.44
2.3.2 - Associated Companies, Undertakings & Related Parties	2,931,265	33.93
2.3.3 - NIT & ICP	1,018,998	11.79
2.3.4 - Banks, DFIs, NBFCs	14,759	0.17
2.3.5 - Insurance Companies	300	0.00
2.3.6 - Modarabas and Mutual Funds	13,151	0.15
2.3.8 - A. General Public (Local)	1,906,119	22.06
2.3.9 - A. Other Companies (Local)	211,830	2.45
	<b>8,640,000</b>	<b>100.00</b>

## Shareholders More Than 10.00%

CRESCENT POWERTEC LIMITED	1,720,105	19.91
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,018,998	11.79
KHALID BASHIR	950,464	11.00

**Notice to the Shareholders in terms of section 244 of the Companies Act 2017, to files their respective claims in respect of unpaid Dividend that remained unclaimed for a period of three years (or more)**

Dear Shareholder,

In terms of section 244 of the Companies Act, 2017 (the Act) promulgated on May 30, 2017, Companies are required to deposit with the Federal Government, all the dividends, which remain unclaimed or unpaid for a period of three years from the date of issue. In view of the forgoing, it is to inform you that if you have any outstanding/unclaimed dividend(s), in respect of your account, you are therefore, advised to contact and lodge your claim to the share Registrar of the Company at following address and arrange to receive your cheque against unclaimed/outstanding dividend after completing necessary formalities.

M/s Corptec Associates (Pvt) Ltd.

503-E Johar Town Lahore  
Tel:042-35170335 -7

You are requested to submit your claim along with supporting evidence at your very earliest.

Yours sincerely

Company Secretary



### Mandatory Requirement of Bank Account Details for Electronic Credit of Cash Dividend Payment as Per the Companies Act, 2017

Date: 27 September, 2024

Dear Shareholder,

This is to inform you that in accordance with the section 242 of the Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly into the bank account designed by the entitled shareholders. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information to your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in book Entry Form) OR to our Share Registrar M/s. Corptec Associates (Pvt) Ltd. 503-E Johar Town Lahore. ( in case your shareholding is in Physical Form):

Details of Shareholders	
Name of Shareholders	
Folio / CDC Account No.	
CNIC No. (Copy attached)	
Cell number of shareholders	
Landline number of shareholders, if any	
Email	
Details of Bank Account	
Title of Bank Account	
International Bank Account Number (IBAN) "Mandatory"	PK_____ (24 digit) ( Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the Company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank's Name	
Branch Name and address	
It is stated that the above mentioned information is correct and in case of any change herein, I / We will immediately intimate Participant / Share Registrar accordingly.	
<hr/> Signature of Shareholders	

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- Online Quizzes



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

PROXY

I/We \_\_\_\_\_  
 \_\_\_\_\_ of \_\_\_\_\_ being a member of Shams Textile  
 Mills Limited and holder of \_\_\_\_\_ shares as per  
 Registered Folio No. \_\_\_\_\_

For Beneficial Owners as per CDC list  CDC Participant I. D. N o. _____  Sub-AccountNo. _____  NICNo. _____  or Passport N o. _____
---

hereby appoint \_\_\_\_\_ of \_\_\_\_\_ who is also a member of the  
 Company, Folio No. \_\_\_\_\_ or failing him/her \_\_\_\_\_  
 of \_\_\_\_\_ who is also member of the Company vide Registered Folio No. \_\_\_\_\_ as  
 my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the 57<sup>th</sup> Annual General Meeting  
 of the Company to be held on **Monday, 28 October, 2024 at 9:30 a.m.** at Registered Office, Tricon  
 Corporate Center, 8th Floor, 73-E Jail Road, Gulberg-II, Lahore and at any adjournment thereof.  
 Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2024. Signature of the Shareholder \_\_\_\_\_

**For Beneficial owners as per CDC list**

**1-Witness:**

Signature \_\_\_\_\_  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_

**2-Witness:**

Signature \_\_\_\_\_  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_

Affix Revenue of Stamps of Rs. 5/-
--

\_\_\_\_\_  
 Signature of Member

**Note:**

- Proxies in order to be effective must be received at the Registered Office of the Company at Tricon Corporate Center, 8th Floor, 73-E Jail Road, Gulberg-II, Lahore not later than 48 hours before the meeting.
- CDC Shareholders and their Proxies are each requested to attach an attested Photocopy of their National Identity Card or Passport with this proxy form before submission to the Company.



Shams Textile Mills Limited  
Tricon Corporate Center, 8th Floor,  
73-E Jail Road, Gulberg-II,  
Lahore - Pakistan.  
T: 92 (42) 3576 0381  
E: info@shams.com.pk

[www.shams.com.pk](http://www.shams.com.pk)

T. A. Communications  
0345-4247671