



SHAMS TEXTILE MILLS LIMITED

ANNUAL REPORT 2021



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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)
Asif Bashir	(Member)

**Human Resource Nomination
& 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
National Bank of Pakistan
The Bank of Punjab
United Bank Limited

Registered Office

7-B-III, Aziz Avenue, Gulberg-V, Lahore
Ph: +92-423-576 0379, 576 0382
Fax: +92-423-576 0376
Email: info@shams.com.pk
Web: 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 46,320 by installing another spinning unit at Sheikhupura 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 22,176 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 integrated spinning and weaving 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) REGULATION, 2019

Name of Company:
Year ended:

Shams Textile Mills Limited
June 30, 2021

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 Mr. Shahid Arshad
Non-Executive Directors	Mr. Muhammad Anwar Mr. Khurram Mazhar Karim Mr. Adil Bashir Mr. 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 Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these 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

Names	Designation held
Mr. Shahid Arshad	Chairman
Mr. Khurram Mazhar Karim	Member
Mr. Asif Bashir	Member

b) HR Nomination and Remuneration Committee

Names	Designation held
Mrs. Minail Mishal Adamjee	Chairman
Mr. Khurram Mazhar Karim	Member
Mr. Asif Bashir	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 June30, 2021.

b) HR Nomination and Remuneration Committee

One meeting of HR Nomination and Remuneration Committee was held during the financial year ended June 30, 2021.


c) Risk Management Committee

No meeting of Risk Management Committee was held during the financial year ended June 30, 2021.

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, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all 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	Nomination Committee 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 separate nomination committee and the functions are being performed by the human resource and remuneration committee. The Board shall consider to constitute separate nomination committee after next election of directors.	29
2	Disclosure of significant policies on website 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	Composition of internal audit function The Company shall appoint or designate a fulltime employee other than chief financial officer, as head of internal audit holding equivalent qualification prescribed under the Regulations, to act as coordinator between firm providing internal audit services and the Board.	This position is vacant since the resignation of previous head of internal audit on 02 October 2019. The Board considers this post as redundant as the professional services firm has direct access to the Board.	31
4	Responsibilities of the Board and its members 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

30 September, 2021
Lahore

CHAIRMANS' REVIEW REPORT

I am pleased to present the Chairman's Review Report of the company for the year ending 30 June 2021, pertaining to the overall performance of the board and its role in achieving the company's objectives.

During the year the Board committees continue to work with a great measure of proficiency. The Audit Committee has focused in particular on the management and control of risks associated with the business. The Human Resource and Remuneration Committee has ensured that the HR Policies regarding performance management, HR staffing, compensation and benefits are market driven and are properly aligned to the Company's performance, shareholder's interest and the long-term success of the company.

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board has developed a mechanism for the evaluation of performance of the Board of Directors. During the year a comprehensive questionnaire was circulated among all members of the board for the evaluation of performance of the Board of Directors. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2021, the Board's overall performance and effectiveness has been assessed as satisfactory. Improvement is an on-going process leading to action plan. The overall assessment as satisfactory is based on an evaluation of integral component including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiencies in carrying out the Board's business.

The Board of Directors of the Company, received agendas and supporting written material including follow up materials in sufficient time prior to the board and its Committee meetings. The Board meets frequently enough to adequately discharge its responsibilities. The non-executive and Independent directors are equally involved in important decisions.

On an overall basis, I believe the strategic direction of the Company is clear and appropriate. Further, the processes adopted in developing and reviewing the overall corporate strategy and achievement of the Company's objective are commendable.



MUHAMMADANWAR

(CHAIRMAN)

30 September, 2021

چیرمین رپورٹ

میں 30 جون 2021ء کو اختتام پذیر سال کے لئے کمپنی کی تجویزاتی رپورٹ ازراہ مسرت پیش کرتا ہوں۔ جس میں بورڈ کی مجموعی کارکردگی اور کمپنی مقاصد کے حصول میں اس کے کردار کی عکاسی کی گئی ہے۔

سال بھر میں بورڈ کمیٹیاں نہایت دلجمعی سے کام کرتی رہیں۔ آڈٹ کمیٹی کاروبار سے منسلک خطرات کے انتظام اور ان پر قابو پانے کے لئے بھرپور کام کرتی رہیں۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی یقین دلاتی ہے کہ کارکردگی کے انتظام، عملہ کی بھرتی، معاوضہ اور مراعات پر HR پالیسیاں مارکیٹ رجحانات کے عین مطابق ہیں اور کمپنی کی کارکردگی، حصص داران کے مفاد اور کمپنی کی طویل مدتی کامیابی کا احاطہ کرتی ہیں۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء کی پیروی میں بورڈ نے اپنی کارکردگی کے جائزہ کے لئے ایک مربوط نظام مرتب کیا ہے۔ سال بھر میں بورڈ آف ڈائریکٹرز کی کارکردگی کے جائزہ کے لئے بورڈ کے تمام اراکین کو جامع سوالنامہ تقسیم کیا گیا۔ اس جائزہ کا مقصد کمپنی کے طے شدہ اہداف کے تناظر میں پیدا توقعات کو پورا کرنا اور بورڈ کی مجموعی کارکردگی اور اثر پذیری کی ترویج کرنا ہے۔

30 جون 2021ء کو اختتام پذیر سال کے لئے بورڈ کی مجموعی کارکردگی اور اثر پذیری کو تسلی بخش قرار دیا گیا ہے۔ ترقی ایشن پلان پر عمل درآمد کے ذریعے ایک جاری عمل ہے۔ تسلی بخش مجموعی تجزیہ ویشن، مشن اور اقدار، حکمت عملی، پالیسی اقدامات، ادارہ کی کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، مؤثر مالیاتی دوراندیشی، تمام ملازمین کے ساتھ مساوی سلوک اور بورڈ کے امور کو چلانے میں مہارت سے اخذ کیا گیا ہے۔

کمپنی کے بورڈ آف ڈائریکٹرز نے ایجنڈا اور دیگر تحریری مواد اور بورڈ اور اس کی کمیٹیوں کے اجلاس سے قبل فالو اپ میٹریل حاصل کیا ہے۔ بورڈ اپنے فرائض کی انجام دہی کے لئے مناسب وقت میں اجلاس طلب کرتی ہے۔ نان ایگزیکٹو اور خود مختار ڈائریکٹرز اہم فیصلہ سازی میں مساوی کردار ادا کرتے ہیں۔

مجموعی طور پر، میں حد درجہ مطمئن ہوں کہ کمپنی کی سمت انتہائی مناسب اور واضح ہے۔ مزید برآں، کمپنی کے مقاصد کے حصول اور مجموعی کاروبار حکمت عملی کی تیاری اور اس پر نظر ثانی کے لئے اپنائے گئے طریقہ ہائے کار انتہائی قابل قدر ہیں۔

محمد انور

محمد انور

(چیرمین)

30 ستمبر 2021ء

DIRECTORS' REPORT

Directors of your Company are pleased to present the Annual Report along with audited Financial Statements of the Company and Auditors' Report thereon for the year ended 30 June, 2021.

Industry Overview

Pakistan's economy demonstrated recovery as reflected by 3.9% GDP growth in FY 2021 from a contraction of 0.4% in FY 2020. The country's macroeconomic fundamentals, particularly the economic growth sharply rebounded, while the external account saw a massive improvement. Headline inflation closed at an average of 8.9% versus 10.7% of last year. On the monetary policy front, the State Bank of Pakistan (SBP) decided to keep the benchmark policy rate unchanged at 7%.

On the COVID-19 front, Pakistan's economy has weathered the pandemic shock well relative to peers. Government's successful implementation of a micro-lockdown strategy to target areas with a high infection ratio, helped flatten the corona curve without disrupting domestic activities.

Large Scale Manufacturing (LSM) output during FY 2021 grew by 14.6%. This increase is primarily attributable to revival in domestic consumption, easing of monetary policy and incentives provided by the government to the private sector. The growth in LSM was led by positive growth in Textiles (15.6%), Autos (47.8%) and Coke and Petroleum (16.2%). The country's exports during FY 2021 totaled USD 25.304 billion against USD 21.394 billion during the corresponding period of last year, showing an increase of 18.28%. Textile group exports have witnessed a growth of 22.9% during FY 2021 and remained at USD 15.4 billion.

Going forward, the government has envisaged GDP growth rate of 4.8%. The industrial sector is likely to remain floating due to enhanced export volumes. The economic growth outlook has improved as industrial growth surpasses expectations. Continuation of monetary policy along with negotiations with IMF to relax fiscal conditions will also provide impetus to economic growth.

Company's Performance

Despite the challenges owed, your Company managed uninterrupted business operations. The Management continued to focus on profitable avenues, maximizing efficiency in production activities and cost rationalization through various means. Your Company has been able to improve profitability through persistent and diligent efforts. The Company recorded a net profit of PKR 361.50 million against loss of PKR 140.21 Million last year. Earnings per share for the period stood at PKR 41.84 (2020: Loss PKR 16.23). Sales have increased by 70.58%. The Company was able to reap benefits of higher profit margins mainly due to increased sale volume and better selling rates.

A brief financial analysis is presented as under:

Rupees in millions:

Income Statement	2021	2020	% Change
Sales	7,122.42	4,175.30	70.58%
Gross profit	728.95	94.86	668.45%
Operating profit	536.79	(36.31)	1578.32%
Finance cost	(70.33)	(57.55)	22.18%
Profit before taxation	466.47	(93.87)	596.93%
Taxation	(104.97)	(46.32)	126.53%
Net Profit/(loss)	361.50	(140.21)	357.83%
Earnings/(loss) per share (EPS)	41.84	(16.23)	

Your Company earned a gross profit of PKR 728.95 million compared to gross profit of Rs. 94.80 million of previous financial year. Upward trend in sales and gross profit was primarily due to increase in sale prices and quantitative increase in sales. Finance cost increased by 22.18 percent in comparison to last year due to increase in average borrowing due to credit sales. Income tax provision increased by 126.53% due to increase in turnover tax.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company strongly believes in integration of corporate social responsibility into its business that are influenced directly or indirectly by our business.

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 programme focuses on the unpredictability of financial markets and seeks to minimize 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 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.

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. 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 Directors' Report.

Auditors

The auditors Messrs Riaz Ahmad & Co., Chartered Accountants, retire and offer themselves for re-appointment for the FY2022. 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

Material changes or commitments effecting the financial position of the company have not occurred between the end of the financial year and the date of this report.

Pattern of Shareholding

Pattern of shareholding of the Company, as required by section 227(2)(f) of the Companies Act, 2017 as at June 30, 2021 is provided at page number 65 of this report.

Statements of Compliance with COCG

The Company has complied with requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019 in material respect. Statement to this effect is annexed with this Report on page number 5 to 7.

Related Party Transactions

All the related party transactions are entered on arm's length basis in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2017. All related party transactions during the FY 2021 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

Board of STML comprise of 07(Male) and 01(Female) Directors. The composition of 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 2020-21. 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	00

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 determination of remuneration. Its salient features are stated as follow:

- The company will not pay any remuneration to its Non-Executive Directors except as meeting fee for attending the Board and its Committee Meetings.
- The remuneration of directors & meeting fee for attending meeting of the Board of Directors or its committees shall from time to time be determine 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 candidate and talent on the Board.

A Director is provided or reimbursed for all travelling, 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 2021, as required under regulation 34(3) of the Code of Corporate Governance Regulations, 2019; is provided at page number 54 of this report.

Board Committees & Meetings

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

Audit Committee

The Board of Directors in compliance to 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. Asif Bashir	04

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 to the Code of Corporate Governance has established a Human Resource Nomination & Remuneration Committee, only one meeting was held during the financial year 2020-21. Following is the composition of 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

Sr. No.	Name of Members
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 company 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 that regularly appraises and monitors the implementation of standard Operating Procedures Internal Audit Reports are presented to the Audit Committee quarterly, as per approved Annual Internal Audit Plan. Accordingly, the Audit Committee reviews the effectiveness of the internal control frame work 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 on the basis of that feedback, the average rating of the performance of the Board and role of the Chairman regarding governing the Board was found up to the mark.

Statement on Corporate and Financial Reporting Framework:

- Financial statements prepared by Company's management present fairly its state of affairs, results of its operations, cash flows and changes in equity;

- Proper books of accounts have been maintained;
- Appropriate accounting policies have been consistently applied, in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards (IFRSs) and Islamic Financial Accounting Standards (IFASs), as applicable in Pakistan, have been followed in preparation of financial statements;
- The Company has sound potentials to continue as going concern;
- There has been no material departure from best practices of corporate governance;
- Outstanding taxes and levies are given in the Notes to the Financial Statements;
- The majority of the Board members have the prescribed qualifications and experience required for exemption from training program of Directors. All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

Employees' Retirement Benefits

Company established an 'Employees' Provident Fund Trust' to manage and control its financial affairs independently. Trust is recognized under Income Tax Laws and its income and contributions are exempt from tax. It receives subscription from employees with equal contribution from the Company

Future Outlook

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

Acknowledgement

The Board of Directors would like to thank all stakeholders of the company including, customers, shareholders, vendors, government agencies, bankers and all other business associates for their continued support during the year. 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

30 September, 2021
Lahore

شمس ٹیکسٹائل ملز لمیٹڈ

30 جون 2021ء کو اختتام پذیر سال کے لئے ڈائریکٹرز کی رپورٹ

مختصر مالیاتی تجزیہ حسب ذیل ہے:

آمدنی کا گوشوارہ	2021ء	2020ء	فی صد تبدیلی
(ملین روپوں میں)			

فروخت	7,122	4,175	70.58%
مجموعی منافع	728.95	94.86	668.45%
آپریٹنگ منافع	536.79	(36.31)	1578.32%
قرضوں پر لاگت	(70.33)	(57.55)	22.18%
نفع علاوہ ٹیکسیشن	466.47	(93.87)	596.93%
ٹیکسیشن	(104.97)	(46.32)	126.53%
خالص منافع (نقصان)	361.50	(140.21)	357.83%

فی حصص آمدنی (نقصان)	41.84	(16.23)	
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آپ کی کمپنی نے گزشتہ مالی سال کے 94.80 ملین روپے کے مجموعی منافع کے مقابلے میں 728.95 ملین روپے کا مجموعی منافع حاصل کیا ہے۔ فروخت میں اضافہ اور مجموعی منافع بنیادی طور پر فروخت کی قیمتوں میں اضافہ اور فروخت میں مقدار میں اضافہ تھا۔ کریڈٹ سیلر کی وجہ سے اوسط قرض لینے میں اضافے کی وجہ سے گزشتہ سال کے مقابلے میں مالیاتی لاگت میں 22.18 فیصد اضافہ ہوا ہے۔ ٹران آوریٹس میں اضافے کی وجہ سے انکم ٹیکس کی فراہمی میں 126.53 فیصد اضافہ ہوا۔

کارپوریٹ سماجی ذمہ داری

کمپنی اپنے کاروباری اداروں میں کارپوریٹ سماجی ذمہ داری کے انتظام پر سختی سے یقین رکھتی ہے جو ہمارے کاروبار سے براہ راست متاثر ہوتا ہے۔

مالی خطرے کا انتظام

کمپنی کی سرگرمیاں اسے مالی خطرے کی مختلف حالتوں میں ظاہر کرتی ہیں: مارکیٹ کا خطرہ (کرنسی کا خطرہ، دیگر قیمتوں کا خطرہ اور انٹرسٹ ریٹ کا خطرہ)، کریڈٹ ریسک اور لیکویڈیٹی ریسک۔ کمپنی کا عمومی ریسک مینجمنٹ پروگرام فنانشل مارکیٹس کی غیر متوقع صلاحیتوں پر توجہ مرکوز کرتا ہے اور مالی کارکردگی پر ممکنہ اثرات کے اثرات کو کم سے کم کرنے کی کوشش کرتا ہے۔ ریسک مینجمنٹ ڈائریکٹروں کے بورڈ کی طرف سے منظور شدہ پالیسیوں کے تحت کمپنی فنانس ڈیپارٹمنٹ کے ذریعے کی جاتی ہے۔ کمپنی کے مالیاتی حلقے کا تخمینہ اور مالی خطرات کی حفاظت بورڈ عمومی ریسک مینجمنٹ کے لیے اصول مہیا کرتا ہے، جیسا کہ پالیسیوں کے ساتھ ساتھ محسوس علاقوں کو بھی شامل کیا جاتا ہے جیسا کہ کرنسی ریسک، دیگر پرائس ریسک، انٹرسٹ ریٹ ریسک، کریڈٹ ریسک، لیکویڈیٹی ریسک۔

مالیاتی گوشوارے

لیکچر (کارپوریٹ گورننس) ضوابط، 2019ء (CCG) ضوابط، 2019ء کے ضابطہ نمبر 25 کے تحت چیف ایگزیکٹو آفیسر اور چیف فنانس افسر مالیاتی گوشوارے پیش کرتے ہیں اور بورڈ آف ڈائریکٹرز (بورڈ) کی نظر ثانی اور توثیق کے لئے جس کی متعلقہ دستخطی توثیق کرتے ہیں۔ نظر ثانی اور منظوری کے بعد بورڈ اجراء اور تقسیم کے لئے مالیاتی گوشواروں پر دستخط کرنے کی اجازت دیتا ہے۔ میسرز یاش احمد اینڈ کو، چارٹرڈ اکاؤنٹنٹس کمپنی کے مالیاتی گوشواروں کا باقاعدہ آڈٹ کرتے ہیں

آپ کے ڈائریکٹرز 30 جون 2021ء کو اختتام پذیر سال کے لئے کمپنی کی پڑتال شدہ مالیاتی گوشواروں کے ہمراہ سالانہ رپورٹ اور اس پرائیویٹ رپورٹ ازراہ مسرت پیش کرتے ہیں۔

صنعتی جائزہ

مالیاتی سال 2020ء کے دوران 0.4 فی صد سکڑتی ہوئی شرح نمو کے مقابلے میں مالیاتی سال 2021ء کے دوران 3.9 فی صد شرح نمو پاکستانی معیشت کی بحالی کی عکاسی کرتی ہے۔ ملک کے اقتصادی اشاریے خصوصاً معاشی نمونے میں تیزی سے تبدیلی آئی جب کہ بیرونی کھاتوں میں خاطر خواہ اضافہ ہوا۔ افراط زر میں بھی گزشتہ برس میں 10.7 فی صد کے مقابلے میں 8.9 فی صد رہی۔ مانیٹری پالیسی کے لحاظ سے بینک دولت پاکستان (SBP) ہینچ مارک شرح سود بغیر رد و بدل کے 7 فی صد تک برقرار رکھی۔

کرونا وائرس کی صورت حال پر نظر دوڑائیں تو پاکستانی معیشت نے دیگر ممالک کے مقابلے میں اچھی کارکردگی دکھائی۔ زیادہ متاثرہ علاقوں میں حکومت پاکستان کی جانب سے مائیکرو لاک ڈاؤن حکمت عملی کے کامیاب نفاذ کی بدولت ملکی سرگرمیوں کو متاثر کئے بغیر کرونا کا گراف نیچے آیا۔

مالیاتی سال 2021ء کے دوران بڑے پیمانے کی صنعتوں (LSM) کی آمدنی میں 14 فی صد تک اضافہ ہوا۔ یہ اضافہ ملکی سطح پر کھپت میں بحالی، مانیٹری پالیسی میں سہل انگیزی اور نجی شعبہ کے لئے حکومتی مراعات سے منسوب کیا جاتا ہے۔ LSM کی نمونیں ٹیکسٹائل، آٹو ز اور کوک اور پٹرولیم کے شعبہ میں بالترتیب 15.6 فی صد، 47.8 فی صد اور 16.2 فی صد مثبت نمو کا بہت بڑا کردار ہے۔ مالیاتی سال 2021ء کے دوران ملکی برآمدات 25.304 بلین روپے روپیہ گزشتہ برس کی اسی مدت کے دوران 21.394 بلین روپے تھی اس طرح برآمدات میں 18.28 فی صد اضافہ ہوا۔ مالیاتی سال 2021ء کے دوران ٹیکسٹائل گروپ کی برآمدات تاریخ میں سب سے زیادہ 22.9 فی صد 15.4 بلین روپے رہیں۔

مستقبل میں حکومت نے شرح نمو کا ہدف 4.8 فی صد رکھا ہے۔ برآمدی حجم میں اضافہ کے باعث صنعتی شعبہ روپے سے چلنے کی امید کی جاتی ہے۔ صنعتی نمونے میں متوقع بہتری کی وجہ سے ممکنہ معاشی نمو میں بھی اضافہ ہوگا۔ مانیٹری پالیسی کے تسلسل اور مالیاتی شرائط میں آسانی کے لئے IMF کے ساتھ مذاکرات معاشی نمو کے لئے مددگار ثابت ہوں گے۔

کمپنی کی کارکردگی

درپیش مشکلات کے باوجود آپ کی کمپنی بلا روک ٹوک اپنے کاروباری امور چلانے میں کامیاب رہی۔ انتظامیہ نے منافع بخش شعبوں پر بھرپور توجہ دی اور پیداواری سرگرمیوں کی کارکردگی میں اضافہ کیا اور متعدد وسائل کو بروئے کار لا کر لاگت میں کمی بھی لے کر آئی۔ آپ کی کمپنی ٹھوس اور مربوط کوششوں کی بدولت آمدنی میں بہتری کے قابل ہوئی ہے۔ کمپنی نے گزشتہ برس میں 140.21 ملین روپے خسارہ کے مقابلے میں زیر جائزہ مدت کے دوران 361.50 ملین روپے منافع درج کیا۔ اسی مدت کے دوران فی حصص منافع 41.84 روپے (2020: نقصان 16.23 روپے) رہا۔ فروخت میں بھی 70.58 فی صد اضافہ ہوا۔ کمپنی فروخت کے اضافی حجم اور بہتر شرح فروخت کے حد درجہ منافع حاصل کرنے میں کامیاب ہوئی۔

بورڈ آف ڈائریکٹرز کے اجلاس

مالیاتی سال 2020-21 کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ بورڈ اجلاسوں میں ڈائریکٹرز کی حاضری کی تفصیلات حسب ذیل ہیں:

نمبر شمار	نام ڈائریکٹر	اجلاس میں حاضری
1.	مسٹر محمد انور	04
2.	مسٹر خالد بشیر	04
3.	مسٹر آصف بشیر	04
4.	مسٹر عادل بشیر	02
5.	مسٹر خرم مظہر کریم	04
6.	مسٹر شاہد ارشد	04
7.	مسٹر محمد شفیق گل	04
8.	مسز منائیل مشال آدم جی	00

تاہم، ہر مصروفیت کی بنا پر بورڈ اجلاس میں شرکت نہ کرنے والے ڈائریکٹرز کو رخصت عنایت کی گئی۔

ہدایت کاروں کا معاوضہ

بورڈ آف ڈائریکٹرز نے معاوضے کے تعین کے لیے ایک ہدایت وضع کی ہے اس کی بنیادیاں خصوصیات درج ذیل ہیں:

- کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کرے گی سوائے بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کی میٹنگ فیس کے طور پر۔
 - بورڈ آف ڈائریکٹرز یا اس کی کمیٹیوں کے اجلاس میں شرکت کے لیے ڈائریکٹرز کا معاوضہ اور میٹنگ فیس وقتاً فوقتاً بورڈ آف ڈائریکٹرز کے ذریعے طے اور منظوری کی جاتی ہے۔
 - ڈائریکٹرز کی اجرت بورڈ آف ڈائریکٹرز کی منظوری کے مطابق ادا کی جاتی ہے۔
- معاوضے کا کچھ بورڈ میں موزوں امیدواروں اور ہنرمندوں کو راغب کرنے کے لیے بنایا گیا ہے۔
- بورڈ کے اجلاسوں، اس کی کمیٹیوں اور کمپنی کی عام میٹنگوں میں شرکت کے لیے ایک ڈائریکٹر کو تمام سفر، بورڈنگ، رہائش اور دیگر اخراجات کے لیے معاوضہ دیا جاتا ہے۔
- مالی سال 2021ء کے لیے کمپنی کے ایگزیکٹو ڈائریکٹر کو ادا کیے جانے والے معاوضے کی تفصیلات، جیسا کہ بورڈ آف کارپوریٹ گورننس ریگولیشنز، 2019ء کے ضابطہ (3)34 کے تحت درکار ہے۔ اس رپورٹ کے صفحہ نمبر 54 پر فراہم کی گئی ہے۔

بورڈ کمیٹیاں اور اجلاس

ایس ٹی ایم ایل کے بورڈ کی کمیٹیوں اور ان کی میٹنگز کی تفصیلات درج ذیل ہے:

حساب کتاب کا گروہ

کارپوریٹ گورننس کے ضابطے کی تعمیل میں بورڈ آف ڈائریکٹرز نے ایک حساب کتاب کی کمیٹی قائم کی ہے اور مندرجہ ذیل ڈائریکٹرز اس کے ممبر ہیں۔ چار حساب کتاب کی کمیٹیاں منعقد ہو گئی ہیں۔

جس کی رپورٹ مالیاتی گوشواروں کے ساتھ منسلک ہوتی ہے۔ انہوں نے غیر توثیق شدہ رپورٹ اراکین کو جاری کی ہے۔ مالیاتی سال کے اختتام اور ڈائریکٹرز رپورٹ کے اجراء تک کسی بھی قسم کی مادی تبدیلی یا عہد کمپنی کی مالیاتی حالت پر اثر انداز نہیں ہوا ہے۔

آڈیٹرز

آڈیٹرز میسرز ریاض احمد اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور مالیاتی سال 2022ء کے لئے اپنی دوبارہ تقرری کی پیشکش کرتے ہیں۔ آڈٹ کمیٹی نے ان کی دوبارہ تقرری سفارش کی ہے اور آئندہ سالانہ اجلاس عام میں حصہ داران کی جانب سے نظر ثانی اور منظوری کے لئے بورڈ نے اس کی توثیق کی ہے۔

بعد کے واقعات

کمپنی کی مالی پوزیشن کو متاثر کرنے والی مادی تبدیلیاں یا وعدے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان نہیں ہوئے ہیں۔

شیر ہولڈنگ کا نمونہ

کمپنی کے شیر ہولڈنگ کا نمونہ، جیسا کہ کمپنی ایکٹ کے سیکشن (f)227 کی ضرورت ہے۔ 30 جون 2021ء کو 2017ء اس رپورٹ کے صفحہ نمبر 65 پر فراہم کیا گیا ہے۔

COCG کی تعمیل کے بیانات

کمپنی نے درج کمپنیوں (Code of Corporate Governance) ریگولیشنز 2019ء کی ضروریات کی تکمیل کی ہے۔

اس حوالے سے بیان صفحہ نمبر 5 تا 7 پر اس رپورٹ کے ساتھ منسلک ہے۔

متعلقہ فریق سے لین دین

عمومی کاروباری امور کے دوران متعلقہ فریق سے لین دین arm's length کی بنیاد پر کیا جاتا ہے جو کمپنی ایکٹ 2017ء کے لاگو قواعد کے عین مطابق ہے۔ مالیاتی سال 2021ء کے دوران متعلقہ فریقین سے ہر قسم کے لین دین کی تفصیلات نظر ثانی و منظوری کے لئے آڈٹ کمیٹی اور بورڈ کے سامنے پیش کی گئی ہیں۔ اس لین دین پر آڈٹ کمیٹی نے غور کیا ہے اور بورڈ نے اس کی منظوری دی ہے۔

ڈائریکٹرز اور بورڈ کے اجلاس

STML کا بورڈ 07 (مرد) اور 01 (خاتون) ڈائریکٹرز پر مشتمل ہے۔ بورڈ کی ترکیب

حسب ذیل ہے:

نمبر شمار	درجہ	نام
1	خود مختار ڈائریکٹرز	مسٹر شاہد ارشد مسز منائیل مشال آدم جی
2	نان ایگزیکٹو ڈائریکٹرز	مسٹر محمد انور (چیئرمین) مسٹر خرم مظہر کریم مسٹر عادل بشیر مسٹر محمد شفیق گل
3	ایگزیکٹو ڈائریکٹرز	مسٹر خالد بشیر (CEO) مسٹر آصف بشیر

کاروباری و مالیاتی رپورٹنگ فریم ورک پر بیان

- a. کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے نصف میں تہدیلی، کیش فلو، آپریشنز اور کاروباری امور کی بہترین عکاسی کرتی ہیں۔
- b. کمپنی کے کھاتوں کی باقاعدہ کتابیں تیار کی گئی ہیں۔
- c. مالیاتی گوشواروں کی تیاری میں موافق اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات موزوں فیصلوں کی بنیاد پر لگائے گئے ہیں۔
- d. مالیاتی گوشواروں کی تیاری میں پاکستان میں رائج بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈز (IFRS) کی پیروی کی گئی ہے۔
- e. کمپنی کی کاروبار جاری رکھنے کی بھرپور صلاحیت رکھتی ہے۔
- f. کارپوریٹ گورننس کی بہترین عمل داری میں کوئی قسم موجود نہ ہے۔
- g. واجب الادا ٹیکسز اور لیوی کی تفصیلات مالیاتی گوشواروں کے نوٹس میں بیان کی گئی ہیں۔
- h. بورڈ کے اکثر اراکین ڈائریکٹرز کے تربیتی پروگرام سے استفادے کے لئے درکار قابلیت اور تجربہ رکھتے ہیں۔ تمام ڈائریکٹرز بطور ڈائریکٹر کاروباری ادارہ اپنے فرائض و ذمہ داریوں سے بخوبی آگاہ ہیں۔

ملازمین کے لئے ریٹائرمنٹ مراعات

کمپنی نے اپنے مالیاتی امور کو آزادانہ طور پر چلانے کے لئے ملازمین کا پراویڈنٹ فنڈ ٹرسٹ قائم کیا ہے۔ ٹرسٹ انکم ٹیکس قوانین سے توثیق شدہ ہے اور اس کی آمدنی اور حصہ ٹیکس سے مستثنیٰ ہے۔ یہ کمپنی سے مساوی حصہ کے ساتھ ملازمین سے سبسکریپشن وصول کرتا ہے۔

مستقبل کا منظر نامہ

اگرچہ ہم مشکلات سے دوچار ہیں لیکن ہم بہترین انداز میں کارکردگی دکھانے کے لئے پرعزم ہیں اور کمپنی کے طویل مدتی اہداف حاصل کرنے کے لئے اپنے اسٹیک ہولڈرز کی قدر میں اضافہ کرنے کے لئے کوشاں ہیں۔ اپنی مصنوعات کے معیار کو بہتر بنانے اور قیمت فروخت پر آمدنی حاصل کرنے کے لئے ہم عدم توازن اور ناقص کارکردگی کو کم کر کے اہم مقاصد کو مد نظر رکھتے ہوئے پلانٹ اور مشینری کو جدید خطوط پر استوار کرنا جاری رکھیں گے۔

اعتراف

بورڈ آف ڈائریکٹرز سال بھر میں کمپنی کے تمام اسٹیک ہولڈرز بشمول صارفین، شیئرز، ہولڈرز، ٹھیکے داران (وینڈرز)، حکومتی ایجنسیوں، بینکرز اور تمام دیگر کاروباری اداروں کے مسلسل تعاون کا شکریہ ادا کرنا چاہتے ہیں۔ بورڈ پر جوش ٹیم کے کردار کو بھی تسلیم کرتی ہے جنہوں نے کمپنی کے لئے خدمات سرانجام دیں۔ ہم امید کرتے ہیں کہ مستقبل میں بھی اسی جوش و جذبہ کا اظہار جاری رہے گا۔

منجانب/ برائے بورڈ آف ڈائریکٹرز



آصف بشیر

ڈائریکٹر



خالد بشیر

چیف ایگزیکٹو آفیسر

30 ستمبر 2021ء

نمبر شمار	ممبران کے نام	اجلاس میں حاضری
1	مسٹر شاہد ارشد (چیئر مین)	04
2	مسٹر خرم مظہر کریم	04
3	مسٹر آصف بشیر	04

تاہم، غیر حاضری کی رخصت ان ممبران کو دی گئی جو اجلاس میں شرکت نہ کر سکے۔

انسانی وسائل اور معاوضہ کمیٹی

بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کے ضابطے کی تعمیل کرتے ہوئے ایک انسانی وسائل اور معاوضہ کمیٹی قائم کی ہے، مالی سال 2020-21 کے دوران صرف ایک میٹنگ ہوئی۔ انسانی وسائل اور معاوضہ کمیٹی کی تشکیل مندرجہ ذیل ہے:

نمبر شمار	ممبران کے نام	اجلاس میں حاضری
1	مسز منائیل مشال آدم جی (چیئر مین)	01
2	مسٹر آصف بشیر	01
3	مسٹر خرم مظہر کریم	01

رسک کمیٹی

نمبر شمار	ممبران کے نام
1	مسٹر آصف بشیر (چیئر مین)
2	مسٹر شاہد ارشد
3	مسٹر خرم مظہر کریم

داخلی اور مالیاتی کنٹرول کی مناسبت

بورڈ آف ڈائریکٹرز نے داخلی اور مالیاتی کنٹرول کا ایک مؤثر نظام قائم کیا ہے جو یقینی بناتا ہے:

- آپریشنز کا بہترین اور مؤثر انعقاد
 - کمپنی کے اثاثوں کی حفاظت
 - قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل
 - قابل اعتماد مالی رپورٹنگ
- ٹیکس ٹیکسٹائل ملز لمیٹڈ کا آزادانہ آڈٹ فنکشن میسرز طاہر کنسلٹنگ کو آؤٹ سورس کیا جاتا ہے جو معیاری آپریٹنگ طریقہ کار کے نفاذ کی باقاعدہ تشخیص اور نگرانی کرتی ہے۔ اس کے مطابق، آڈٹ کمیٹی اپنے اجلاسوں میں داخلی کنٹرول فریم ورک اور مالی بیانات کی تاثیر کا جائزہ لیتی ہے۔

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ

بورڈ کے فرائض اور ان کی اثر پذیری کا جائزہ ایک مسلسل عمل ہے جسے بورڈ نے بذات خود اپنایا ہے۔ مرکزی جائزہ کے اہم شعبے مندرجہ ذیل ہیں:

- کاروباری اہداف اور مقاصد کا کمپنی کے ویژن اور مشن کے ساتھ تعامل
 - پائیدار آپریشنز کے لئے حکمت عملی اور منصوبہ بندی مرتب کرنا
 - بورڈ کی خود مختاری اور اثر پذیری
- انفرادی رائے حاصل کی گئی اور ترمیم کی بنیاد پر بورڈ کی کارکردگی اور بورڈ کو چلانے کے لئے چیئر مین کے فرائض کی اوسط درجہ بندی معیار کے عین مطابق تھی۔

FINANCIAL SUMMARY

For the year ended June 30, 2021

rupees in '000's	2021	2020	2019	2018	2017	2016
Net Sales	7,122,421	4,175,298	5,291,753	4,685,847	3,315,682	2,802,613
Cost of sales	6,393,472	4,080,438	5,057,572	4,409,798	3,198,776	2,749,993
Gross Profit	728,949	94,860	234,181	276,049	116,906	52,620
Distribution cost	65,917	40,769	34,253	39,857	36,607	58,220
Administrative expenses	81,593	77,837	71,714	62,901	57,325	53,713
Other expenses	63,489	18,335	4,924	5,701	11,654	2,627
	210,999	136,941	110,891	108,459	105,586	114,560
	517,950	(42,081)	123,290	167,590	11,320	(61,940)
Other income	18,843	5,770	16,745	35,816	15,399	17,951
Operating profit / (Loss)	536,793	(36,311)	140,035	203,406	26,719	(43,989)
Finance cost	70,327	57,558	42,925	38,696	44,721	40,240
Profit / (Loss) before taxation	466,466	(93,869)	97,110	164,710	(18,002)	(84,229)
Taxation	104,967	46,337	53,724	63,526	32,390	26,869
Profit / (Loss) after taxation	361,499	(140,206)	43,386	101,184	(50,392)	(111,098)
Performance Ratio						
Gross Profit Margin (%)	10.23	2.27	4.43	5.89	3.53	1.88
Fixed Assets Turnover	7.56	5.11	6.32	5.36	3.71	3.03
Return on capital employed (%)	40.36	(25.60)	6.28	14.29	(7.82)	(14.90)
Return on equity (%)	40.39	(26.60)	6.52	15.12	(8.53)	(17.46)
Operating Profit Margin (%)	7.27	(1.01)	2.33	3.58	0.34	(2.21)
Net Profit Margin (%)	5.08	(3.36)	0.82	2.16	(1.52)	(3.96)
Earning / (loss) per share (Rupees)	41.84	(16.23)	5.02	11.71	(5.83)	(12.86)
Working Capital Ratios						
Debtors Turn Over Ratio	17.17	26.23	26.16	34.56	37.77	24.89
Debtors in no of Days	21.26	13.91	13.95	10.56	9.66	14.66
Stock Turn Over Ratio	8.29	7.80	13.52	9.93	5.42	6.55
Stock in no of Days	44.04	46.80	27.00	36.75	67.34	55.76
Liquidity Ratio						
Current Ratio	1.06	0.76	0.82	0.84	0.77	0.81
Quick Ratio	0.47	0.15	0.36	0.44	0.27	0.27
Interest Cover Ratio	0.15	(0.61)	0.44	0.23	(2.48)	(0.48)
Financial Performance Ratio						
Gearing Ratio	0:00:00	02:98	02:98	03:97	08:92	13:87
Break-up value per share (Rupees)	103.66	61.76	78.29	78.83	68.51	74.24
Dividend per share	-	-	1.05	2.35	-	-
Price to Book Value	0.60	0.41	0.33	0.56	0.39	0.30
Total Assets	2,573,292	1,698,183	1,734,225	1,741,952	1,854,355	2,013,577
Current Assets	1,766,313	870,108	844,456	849,772	921,751	1,016,169
Current Liabilities	1,674,050	1,150,531	1,031,235	1,012,618	1,201,212	1,261,469
Operating Fixed Assets	758,780	780,355	819,904	892,180	932,604	997,408
Long Term Debts	-	14,036	14,036	27,103	52,670	104,234
Share holders' Equity	895,594	533,616	676,428	681,068	591,951	641,448

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the share holders of Shams Textile Mills Limited will be held on **October 28, 2021 at 9:00 a.m.** through video conference (Zoom) 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, 2021.
2. To approve as recommended by Directors, the payment of Cash Dividend @ 20% i.e. Rs. 2/- per share for the year ended June 30, 2021.
3. To appoint audit or soft the Company and fix their remuneration.
4. To transact any other business with the permission of the Chair.

Lahore
30 September, 2021

By Order of the Board
Company Secretary

BOOK CLOSURE:

The Members' Register will remain closed from October 21, 2021 to October 28, 2021 (both days inclusive)

NOTES:

1. Due to COVID-19 situation, the Government has suspended large public gatherings at one place. Additionally, Securities and Exchange Commission of Pakistan (SECP) in terms of its Circular No.5 issued on March 17, 2020 had advised companies to modify their usual planning for general meetings for the safety and well-being of shareholders and the public at large.

Considering the SECP's directives, the Company intends to convene this EOGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at EOGM through proxies.

Shareholders interested to participate in the AGM are requested to share below information at info@corpsec.com.pk for their appointment and proxy's verification by or before Friday, October 25, 2021 by 3:00 P.M.

Name of Shareholder _____

CNIC No. _____

Folio No. / CDC Account No. _____

Cell No. _____

E-mail Address _____

Shareholders who will be registered, after necessary verification as per the above requirement, will be provided a password protected video link by the Company via email. The said link will be available at the start of AGM till the end of the meeting. Shareholders can also provide their comments and questions for the agenda items of AGM at aforementioned e-mail on or before October 25 by 05:00 p.m.

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 of 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.

Zakat Declarations:

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

Deduction of Tax on Dividend Income Finance Act, 2021

It is hereby informed that pursuant to the Finance Act, 2021, the rate of withholding tax under Section 150 of the Income Tax Ordinance, 2001 on dividend income has been segregated as follows:

- | | |
|---|-----|
| i) Rate of tax deduction on dividend income for filer of income tax return | 15% |
| ii) Rate of tax deduction of dividend income for non-filer of income tax return | 30% |

Further you are therefore requested to please provide us the following details:

Name _____

Folio No. / CDC Account No. _____

National Tax No. _____

CNIC No. (for individual only)

enclose a copy of valid CNIC,

if not already provided _____

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 here in above 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.

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 2021 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company: www.shams.com.pk

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

INDEPENDENT AUDITOR'S MODIFIED REVIEW REPORT TO THE MEMBERS

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 2021 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.

Following instance of non-compliance with the requirement of the Regulations was observed which is not stated in the Statement of Compliance:

- (I) Composition of the audit committee is not as per the requirements of the regulation 27(1) of the Regulations as one of the members of the audit committee is an executive director.

Based on our review, except for the above instance of non-compliance, 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 2021.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 30 September, 2021

**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 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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 2021 and of the profit, 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>Inventory existence and valuation</p> <p>Inventory as at 30 June 2021 amounted to Rupees 973.182million and represented a material position in the statement of financial position, break up of which is as follows:</p> <p style="padding-left: 40px;">Stores and spare parts amounting to Rupees 64.636 million</p> <p style="padding-left: 40px;">Stock-in-trade amounting to Rupees 908.546 million</p> <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 37.82% of the total assets of the Company as at 30 June 2021, and the judgment involved in valuation.</p> <p>For further information on inventory, refer to the following:</p> <p style="padding-left: 40px;">Summary of significant accounting policies, Inventories note 2.11 to the financial statements.</p> <p style="padding-left: 40px;">Stores and spare parts note 16 and stock-in-trade note 17 to the financial statements.</p>	<p>Our procedures over existence and valuation of inventory included, but were not limited to:</p> <p style="padding-left: 40px;">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;</p> <p style="padding-left: 40px;">For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets;</p> <p style="padding-left: 40px;">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;</p> <p style="padding-left: 40px;">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;</p> <p style="padding-left: 40px;">We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory;</p> <p style="padding-left: 40px;">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;</p> <p style="padding-left: 40px;">We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.</p>

Sr. No.	Key audit matters	How the matters were addressed in our audit
2.	<p>Revenue recognition</p> <p>The Company recognized net revenue of Rupees 7,122.421 million for the year ended 30 June 2021.</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"> - Summary of significant accounting policies, Revenue recognition note 2.24 to the financial statements. - Revenue from contracts with customers note 23 to the financial statements. 	<p>Our procedures included, but were not limited to:</p> <p>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;</p> <p>We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;</p> <p>We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period;</p> <p>We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers';</p> <p>We also considered the appropriateness of disclosures in the financial statements.</p>

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 Mubashar Mehmood.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 30 September, 2021

BALANCE SHEET
AS AT JUNE 30, 2021

	Note	2021 (Rupees in thousands)	2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
25,000,000 (2020: 25,000,000) ordinary shares of Rupees 10 each		250,000	250,000
Issued, subscribed and paid-up share capital	3	86,400	86,400
Reserves	4	809,194	447,216
Total equity		895,594	533,616
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	-	14,036
Gas Infrastructure Development Cess (GIDC) payable	6	3,648	-
		3,648	14,036
CURRENT LIABILITIES			
Trade and other payables	7	1,067,130	813,878
Accrued mark-up	8	7,391	5,559
Short term borrowings	9	549,008	324,420
Current portion of non-current liabilities	10	46,187	2,250
Unclaimed dividend		4,334	4,424
		1,674,050	1,150,531
Total liabilities		1,677,698	1,164,567
CONTINGENCIES AND COMMITMENTS	11	-	-
TOTAL EQUITY AND LIABILITIES		2,573,292	1,698,183

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



Chief Executive



Director



Chief Financial Officer

	Note	2021 (Rupees in thousands)	2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	758,780	780,355
Long term investments	13	46,623	46,144
Long term security deposits	14	1,576	1,576
Deferred income tax asset - net	15	-	-
		806,979	828,075
CURRENT ASSETS			
Stores and spare parts	16	64,636	63,053
Stock-in-trade	17	908,546	634,399
Trade debts	18	735,048	94,477
Advances	19	7,326	11,949
Other receivables	20	29,929	24,060
Taxation - net	21	3,243	35,096
Cash and bank balances	22	17,585	7,074
		1,766,313	870,108
TOTAL ASSETS		2,573,292	1,698,183



Chief Executive



Director



Chief Financial Officer

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in thousands)	2020
REVENUE FROM CONTRACTS WITH CUSTOMERS	23	7,122,421	4,175,298
COST OF SALES	24	(6,393,472)	(4,080,438)
GROSS PROFIT		728,949	94,860
DISTRIBUTION COST	25	(65,917)	(40,769)
ADMINISTRATIVE EXPENSES	26	(81,593)	(77,837)
OTHER EXPENSES	27	(63,489)	(18,335)
		(210,999)	(136,941)
		517,950	(42,081)
OTHER INCOME	28	18,843	5,770
PROFIT / (LOSS) FROM OPERATIONS		536,793	(36,311)
FINANCE COST	29	(70,327)	(57,558)
PROFIT / (LOSS) BEFORE TAXATION		466,466	(93,869)
TAXATION	30	(104,967)	(46,337)
PROFIT / (LOSS) AFTER TAXATION		361,499	(140,206)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)	31	41.84	(16.23)

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, 2021

	2021 (Rupees in thousands)	2020
PROFIT / (LOSS) AFTER TAXATION	361,499	(140,206)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss:		
Surplus arising on remeasurement of investments at fair value through other comprehensive income	479	6,466
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year - net of tax	479	6,466
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	361,978	(133,740)

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



Chief Executive



Director



Chief Financial Officer

ANNUAL REPORT 2021

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Chief Executive

Director

Chief Financial Officer

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

STATEMENT OF CASH FLOW
For The Year Ended JUNE 30, 2021

	Note	2021 (Rupees in thousands)	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	32	(2,674)	(41,046)
Finance cost paid		(64,451)	(57,673)
Income tax paid		(73,115)	(57,886)
Workers' profit participation fund paid		(591)	(5,523)
GIDC paid		(14,621)	-
Net cash used in operating activities		(155,452)	(162,128)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(47,630)	(32,177)
Proceeds from sale of property, plant and equipment		2,412	350
Return on bank deposits received		9	38
Dividends received		2,960	810
Net cash used in investing activities		(42,249)	(30,979)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(16,286)	(10,817)
Short term borrowings - obtained		3,361,323	2,017,917
Short term borrowings - repaid		(3,136,735)	(1,825,303)
Dividend paid		(90)	(8,914)
Net cash from financing activities		208,212	172,883
Net increase / (decrease) in cash and cash equivalents		10,511	(20,224)
Cash and cash equivalents at the beginning of the year		7,074	27,298
Cash and cash equivalents at the end of the year	22	17,585	7,074

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, 2021

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 7-B-III, Aziz Avenue, Gulberg V, Lahore. The Company is engaged in the business of manufacturing, sale and trading of yarn and trading of cloth.
- 1.2** Geographical location and addresses of all business units are as follows:

Manufacturing units and offices	Address
Manufacturing units:	
Spinning unit I	3-KM, Faisalabad Road, Chiniot
Spinning units II and III	KotlaKahloon, District Nankana Sahib
Registered and head office	7- B-III, Aziz Avenue, Gulberg V, Lahore
Office	5 th Floor, HBL Building, Circular Road, Faisalabad

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) 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.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Future estimation of export sales

Deferred income tax calculation has been based on estimate of future ratio of export and local sales.

Allowance for expected credit losses

The allowance for expected credit losses (ECLs) assessment requires a degree of estimation and judgement. It is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 2020:

IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors';

International Accounting Standards Board's revised Conceptual Framework March 2018

IFRS 3 (Amendments) 'Business Combination';

IFRS 16 (Amendments) 'Leases';

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'.

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 period beginning on or after 01 July 2020 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) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2021 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'.

Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

IFRS 9 'Financial Instruments' The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B-3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

IFRS 16 'Leases' The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Covid-19-Related Rent Concessions (Amendment to IFRS 16 'Leases') effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are to be applied retrospectively, restatement of prior periods is not required.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The International Accounting Standards Board (IASB) has published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. (Effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2022). The amendments also add to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Interest Rate Benchmark Reform Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The above amendments and improvements 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 2021 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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'.

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 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, which comprises 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.

2.4 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.

2.5 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.6 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 investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, 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 amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on 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 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

2.7 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.

2.8 Impairment of financial assets

The Company recognizes loss allowances for ECLs on:

Financial assets measured at amortized cost;

Debt investments measured at FVOCI; 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 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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- 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.

2.9 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 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.

2.10 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.

2.11 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.

2.12 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.

2.13 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

2.14 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.

2.15 Borrowing cost

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

2.16 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.

2.17 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.18 Provisions

A provision is recognized when the Company has a present 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 obligation and a reliable estimate can be made of the amount of obligation.

2.19 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of the derivative financial instruments is taken to the statement of profit or loss.

2.20 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.

2.21 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.

2.22 Employee benefits

Defined contribution plan

The Company operates a funded employees' provident fund scheme for its permanent employees. Equal monthly contributions at the rate of six percent of basic pay 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.

2.23 Borrowings

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

2.24 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

2.25 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.

2.26 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.

2.27 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.

2.28 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.

2.29 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.

2.30 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.

2.31 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.

2.32 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.

2.33 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.

2.34 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

2.35 Dividend and other appropriations

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

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2021 (Number of shares)	2020		2021 (Rupees in thousand)	2020
7,510,000	7,510,000	Ordinary shares of Rupees 10 each fully paid in cash	75,100	75,100
1,130,000	1,130,000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	11,300	11,300
8,640,000	8,640,000		86,400	86,400

	2021 (Rupees in thousand)	2020
3.1 Ordinary shares of the Company held by associated companies:		
Premier Insurance Limited	399,000	399,000
The Crescent Textile Mills Limited	812,160	812,160
Crescent Powertec Limited	1,720,105	1,720,105
Mohammad Amin Mohammad Bashir Limited	210	210
	2,931,475	2,931,475

	2021 (Rupees in thousand)	2020
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4. RESERVES

Composition of reserves is as follows:

Capital

Premium on issue of right shares (Note 4.1)	86,400	86,400
Fair value reserve FVTOCI investments (Note 4.2)	27,384	26,905
	113,784	113,305

Revenue

General reserve	600,000	600,000
Un-appropriated profit / (accumulated loss)	95,410	(266,089)
	695,410	333,911
	809,194	447,216

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

4.2 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:

	2021 (Rupees in thousand)	2020
Balance as on 01 July	26,905	20,439
Add: Fair value adjustment during the year	479	6,466
Balance as on 30 June	27,384	26,905

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 (Rupees in thousand)	2020
5. LONG TERM FINANCING		
Secured		
Financing from banking company (Note 5.1)	-	16,286
Less: Current portion shown under current liabilities	-	(2,250)
	-	14,036

5.1 Financing from banking companies

LENDER	2021	2020	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
(Rupees in thousands)							
MCB Bank Limited	-	16,286	SBP Rate for LTFF+2.5%	One hundred and twelve un-equal quarterly instalments commenced on 13 September 2017 and ending on 17 August 2022. However, it has been fully repaid during the year.	-	Quarterly	First pari passu charge over all present and future plant and machinery of the Company amounting to Rupees 134.340 million and personal guarantees of chief executive and one director of the Company.
	-	16,286					

	2021 (Rupees in thousand)	2020
6. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE		
Gas Infrastructure Development Cess payable at amortized cost	60,716	-
Add: Adjustment due to impact of IFRS 9 (Note 29)	3,740	-
Less: Payments made during the year	(14,621)	-
Balance as on 30 June	49,835	-
Current portion shown under current liabilities (Note 10)	(46,187)	-
	3,648	-

6.1 This represents Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2015. During the year, Honourable Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. With respect to GIDC payable to Sui Northern Gas Pipelines Limited, the Company is paying GIDC in 24 installments. Hence, GIDC payable has been recorded at amortised cost in accordance with IFRS 9 'Financial Instruments'.

	2021 (Rupees in thousand)	2020
7. TRADE AND OTHER PAYABLES		
Creditors (Note 7.1)	277,790	290,214
Accrued liabilities	360,608	344,360
Infrastructure cess payable (Note 7.2)	12,804	4,681
Contract liabilities - unsecured	93,240	18,989
Due to related parties (Note 7.3)	171,428	139,710
Sales tax payable	114,517	12,956
Income tax deducted at source	578	881
Payable to employees' provident fund trust	1,579	1,496
Workers' profit participation fund (Note 7.4)	25,066	591
Workers' welfare fund (Note 7.5)	9,520	-
	1,067,130	813,878

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	2021 (Rupees in thousand)	2020
7.1 These include amounts due to following associated companies:		
Premier Insurance Limited	150	42
The Crescent Textile Mills Limited	90	617
Crescent Group (Private) Limited	70	70
Suraj Cotton Mills Limited	-	10
Crescent Powertec Limited	42	-
	352	739

- 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:

	2021 (Rupees in thousand)	2020
Balance as on 01 July	4,681	3,520
Add: Provision made during the year	8,123	1,161
Balance as on 30 June	12,804	4,681

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

	2021 (Rupees in thousand)	2020
7.4 Workers' profit participation fund		
Balance as on 01 July	591	5,523
Add: Provision for the year (Note 27)	25,053	-
Interest for the year (Note 29)	13	591
Less: Payments during the year	(591)	(5,523)
Balance as on 30 June	25,066	591

- 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.

	2021 (Rupees in thousand)	2020
7.5 Workers' welfare fund		
Balance as on 01 July	-	-
Add: Provision for the year (Note 27)	9,520	-
	9,520	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 (Rupees in thousand)	2020
8. ACCRUED MARK-UP		
Long term financing	-	209
Short term borrowings	7,391	5,350
	7,391	5,559
9. SHORT TERM BORROWINGS		
From banking companies - secured		
Running finances (Note 9.1 and 9.2)	321,123	302,420
Cash finances (Note 9.1 and 9.3)	104,500	-
Other short term borrowings (Note 9.1 and 9.4)	123,385	22,000
	549,008	324,420

9.1 These finances are obtained from banking companies under mark up arrangements and are secured against first joint pari passu hypothecation charge on all present and future current assets of the Company and pledge of stocks amounting to Rupees 228 million (2020: Rupees Nil) . These form part of total credit facilities of Rupees 1,050 million (2020: Rupees 700 million).

9.2 The rates of mark-up range from 8.56% to 9.28% (2020: 9.58% to 15.31%) per annum during the year on the balance outstanding.

9.3 The rates of mark-up range from 8.53% to 8.78% (2020: 9.33% to 14.81%) per annum during the year on the balance outstanding.

9.4 The rates of mark-up range from 8.23% to 9.51% (2020: 9.24% to 14.55%) per annum during the year on the balance outstanding.

	2021 (Rupees in thousand)	2020
10 CURRENT PORTION OF NON-CURRENT LIABILITIES		
Current portion of long term financing (Note 5)	-	2,250
Current portion of GIDC payable (Note 6)	46,187	-
	46,187	2,250

11. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Bank guarantees of Rupees 84.081 million (2020: Rupees 69.596 million) are given by the banks of the Company in favour of Sui Northern Gas Pipelines Limited against gas connections, Lahore Electric Supply Company Limited (LESCO) and Faisalabad Electric Supply Company Limited (FESCO) against electricity connections and Director Excise and Taxation, Karachi against infrastructure cess.

b) Commitments

- i) Letters of credit for other than capital expenditures amounted to Rupees 238.451 million (2020: Rupees 218.812 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

12.2. PROPERTY, PLANT AND EQUIPMENT										
Operating fixed assets (Note 12.1)										
Capital work-in-progress (Note 12.2)										
		2021 (Rupees in thousands)		2020 (Rupees in thousands)						
		748,210		780,355						
		10,570		-						
		758,780		780,355						
12.1 Reconciliation of carrying amounts of operating fixed assets at the beginning and at the end of the year is as follows:										
(Rupees in thousands)										
At 30 June 2019										
Cost	3,192	298,459	123,460	1,652,698	47,199	2,608	900	39,670	2,168,186	
Accumulated depreciation	-	(117,763)	(33,908)	(1,139,686)	(33,490)	(2,212)	(671)	(22,666)	(1,350,396)	
Net book value	3,192	180,696	89,552	513,012	13,709	396	229	17,004	817,790	
Year ended 30 June 2020										
Opening net book value	3,192	180,696	89,552	513,012	13,709	396	229	17,004	817,790	
Additions	-	-	-	31,737	-	-	-	2,554	34,291	
Disposals:										
Cost	-	-	-	(3,056)	-	-	-	-	(3,056)	
Accumulated depreciation	-	-	-	2,555	-	-	-	-	2,555	
Depreciation charge	-	(9,035)	(4,478)	(501)	(1,371)	(40)	(23)	(3,827)	(501)	
Closing net book value	3,192	171,661	85,074	491,797	12,338	356	206	15,731	780,355	
At 30 June 2020										
Cost	3,192	298,459	123,460	1,684,435	47,199	2,608	900	42,224	2,202,477	
Accumulated depreciation	-	(126,798)	(38,386)	(1,192,638)	(34,861)	(2,252)	(694)	(26,493)	(1,422,122)	
Net book value	3,192	171,661	85,074	491,797	12,338	356	206	15,731	780,355	
Year ended 30 June 2021										
Opening net book value	3,192	171,661	85,074	491,797	12,338	356	206	15,731	780,355	
Additions	-	5,100	2,218	29,654	-	-	-	88	37,060	
Disposals:										
Cost	-	-	-	(16,230)	-	-	-	(68)	(16,298)	
Accumulated depreciation	-	-	-	14,687	-	-	-	57	14,744	
Depreciation charge	-	(8,604)	(4,318)	(1,543)	(1,234)	(36)	(21)	(11)	(1,554)	
Closing net book value	3,192	168,157	82,974	469,622	11,104	320	185	12,656	748,210	
At 30 June 2021										
Cost	3,192	303,559	125,678	1,697,859	47,199	2,608	900	42,244	2,223,239	
Accumulated depreciation	-	(135,402)	(42,704)	(1,228,237)	(36,095)	(2,288)	(715)	(29,588)	(1,475,029)	
Net book value	3,192	168,157	82,974	469,622	11,104	320	185	12,656	748,210	
Annual rate of depreciation (%)	-	5	5	10	10	10	10	20		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

12.1.1 Detail of operating fixed assets 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)								
Plant and Machinery								
Drawing Machine	2	13,130	11,949	1,181	1,200	19	Negotiation	Mr. Naeem Akhtar, Faisalabad
Ring Frames FA-506	4	3,100	2,738	362	1,190	828	Negotiation	Mr. Shahbaz Ahmad, Faisalabad
Vehicles								
Motorcycle LEK-13-4649	1	68	57	11	22	11	Negotiation	Mr. Mubashir Iftikhar, Lahore
		16,298	14,744	1,554	2,412	858		
								2021 (Rupees in thousand)
								2020

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

Cost of sales (Note 24)	62,128	64,968
Administrative expenses (Note 26)	5,523	6,257
	67,651	71,225

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

Manufacturing units	Address	Area of land Acres	Covered area of buildings Square feet
Manufacturing units			
Spinning unit I	3-KM, Faisalabad Road, Chiniot	28.256	428,644
Spinning unit II and unit III	Kotla Kahloon, District Nankana Sahib	27.043	533,160
		55.299	961,804
			2021 (Rupees in thousand)
			2020

12.2 Capital work-in-progress

Factory buildings on freehold land (Note 12.2.1)	5,000	-
Advances against purchase of vehicles (Note 12.2.1)	5,570	-
	10,570	-

12.2.1 Movement in capital work in progress

	Factory building on free hold land	Advance against purchase of vehicles	Total
(Rupees in thousand)			
At 30 June 2019	-	2,114	2,114
Add: Additions during the year	-	431	431
Less: Transferred to operating fixed assets during the year	-	(2,545)	(2,545)
At 30 June 2020	-	-	-
Add: Additions during the year	10,100	5,570	15,670
Less: Transferred to operating fixed assets during the year	(5,100)	-	(5,100)
At 30 June 2021	5,000	5,570	10,570

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

13. LONG TERM INVESTMENTS

Equity instruments - Fair value through other comprehensive income

2021			2020		
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 (2020: 12,476) fully paid ordinary shares of
Rupees 10 each. Equity held 0.053% (2020: 0.053%)

Premier Insurance Limited
739,069 (2020: 739,069) fully paid ordinary shares of
Rupees 10 each. Equity held 1.46% (2020: 1.46%)

-	-	-	-	-	-
6,196	(2,131)	4,065	6,196	(2,501)	3,695
6,196	(2,131)	4,065	6,196	(2,501)	3,695

Quoted - Others

Crescent Cotton Mills Limited
176,790 (2020: 176,790) fully paid ordinary
shares of Rupees 10 each.

Jubilee Spinning and Weaving Mills Limited
7,788 (2020: 7,788) fully paid ordinary
shares of Rupees 10 each.

Crescent Fibres Limited
31,920 (2020: 31,920) fully paid ordinary
shares of Rupees 10 each.

Samba Bank Limited
2,764,113 (2020: 2,764,113) fully paid ordinary
shares of Rupees 10 each.

EFU Life Assurance Limited
60,000 (2020: 60,000) fully paid ordinary
shares of Rupees 10 each.

876	8,803	9,679	876	6,143	7,019
9	35	44	9	16	25
256	1,723	1,979	256	934	1,190
8,383	10,081	18,464	8,383	13,205	21,588
3,519	8,873	12,392	3,519	9,108	12,627
13,043	29,515	42,558	13,043	29,406	42,449

Unquoted - Others

Crescent Spinning Mills Limited (Note 13.3 and 13.4)
208,800 (2020: 208,800) fully paid ordinary
shares of Rupees 10 each.

Crescent Modaraba Management Company Limited (Note 13.4)
193,000 (2020: 193,000) fully paid ordinary
shares of Rupees 10 each.

-	-	-	-	-	-
-	-	-	-	-	-
19,239	27,384	46,623	19,239	26,905	46,144

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 the company 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, 2021

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.

	2021 (Rupees in thousand)	2020
15. DEFERRED INCOME TAX ASSET - NET		
The asset for deferred income tax originated due to temporary differences relating to:		
Deferred income tax assets		
Available tax losses	-	24,403
Minimum tax carried forward	142,114	147,208
Allowance for expected credit losses	855	892
Provision for slow moving and obsolete stores and spare parts	7,375	6,739
	150,344	179,242
Deferred income tax liabilities		
Accelerated tax depreciation	(120,543)	(110,327)
Net deferred income tax asset	29,801	68,915
Deferred income tax asset not recognised in these financial statements	(29,801)	(68,915)
Deferred income tax asset recognised in these financial statements	-	-

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

	2021 (Rupees in thousand)	2020
Opening balance	-	12,526
(Charged) / credited to other comprehensive income	-	-
(Credited) / charged to statement of profit or loss	-	(12,526)
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 of minimum tax carry forward	Accounting year in which minimum tax carry forward will expire
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(Rupees in thousand)

Minimum tax carry forward

2020	51,260	2025
2019	55,486	2024
2018	35,368	2023

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 (Rupees in thousand)	2020
16. STORES AND SPARE PARTS		
Stores	11,644	12,193
Spare parts	80,173	79,130
	91,817	91,323
Less: Provision for slow moving and obsolete items (Note 16.2)	(27,181)	(28,270)
	64,636	63,053
16.1 Provision for slow moving and obsolete items		
Balance as on 01 July	28,270	28,270
Less: Provision reversed during the year (Note 28)	(1,089)	-
Balance as on 30 June	27,181	28,270
17. STOCK-IN-TRADE		
Raw materials (Note 17.1)	241,791	172,538
Work-in-process	60,331	44,886
Finished goods (Note 17.2)	590,408	392,670
Waste stock	16,016	24,305
	908,546	634,399
17.1 Raw materials include stock in transit of Rupees 23.983 million (2020: Rupees Nil).		
17.2 Finished goods include stock in transit of Rupees 138.184 million (2020: Rupees Nil).		
17.3 Stock-in-trade of Rupees 44.890 million (2020: Rupees 306.315 million) is being valued at net realizable value.		
17.4 The aggregate amount of write-down of inventories to net realizable value recognized during the year was Rupees 14.033 million (2020: Rupees 113.62 million).		
	2021 (Rupees in thousand)	2020
18. TRADE DEBTS		
Considered good:		
Unsecured:		
- Suraj Cotton Mills Limited - associated company (Note 18.1)	8,754	-
- Others (Note 18.2)	729,445	98,217
	738,199	98,217
Less: Allowance for expected credit losses (Note 18.3)	(3,151)	(3,740)
	735,048	94,477
18.1 It is neither past due nor impaired. The maximum aggregate amount receivable from associated company at the end of any month during the year is as follows:		
Suraj Cotton Mill Limited	8,754	6,091
18.2 As at 30 June 2021, trade debts due from other than related parties of Rupees 112.170 million (2020: Rupees 59.501 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:		
Upto 1 month	90,967	16,286
1 to 6 months	15,784	25,739
More than 6 months	5,419	2,976
	112,170	45,001

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 (Rupees in thousand)	2020
18.3 Allowance for expected credit losses		
Balance as on 1 July	3,740	15,567
Add: Recognized during the year (Note 27)	-	4,966
Less: Reversal during the year (Note 28)	(589)	-
Less: Trade debts written off during the year (Note 18.4)	-	(16,793)
Balance as on 30 June	3,151	3,740

18.4 Trade debts of Rupees Nil (2020: Rupees 16.793 million) were impaired and written off during the year. The ageing of these trade debts was more than one year. These trade debts did not include amounts due from related parties.

	2021 (Rupees in thousand)	2020
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18.5 Types of counterparties

Corporate	738,199	98,217
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19. ADVANCES

Considered good:

Advances to employees - interest free	603	161
Advances to suppliers	6,431	7,640
Letters of credit	292	4,148
	7,326	11,949

20. OTHER RECEIVABLES

Considered good:

Due from associated companies (Note 20.1)	-	878
Duty drawback receivable	22,388	22,388
Miscellaneous	-	794
Cotton claim receivable	3,541	-
Margin against bank guarantee	4,000	-
	29,929	24,060

20.1 These represent amounts due from associated companies in the ordinary course of business. These are neither past due nor impaired:

	2021 (Rupees in thousand)	2020
Crescent Powertec Limited	-	878

20.2 The maximum aggregate amount due from associated companies at the end of any month during the year was as follows:

	2021 (Rupees in thousand)	2020
Suraj Cotton Mills Limited	98	1,780
Crescent Powertec Limited	2,307	1,354

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 (Rupees in thousand)	2020
21. TAXATION - NET		
Advance income tax	108,210	93,959
Less: Provision for taxation (Note 30)	(104,967)	(58,863)
	3,243	35,096

22. CASH AND BANK BALANCES**Cash with banks:**

On deposit accounts (Note 22.1)	165	185
On current accounts	16,953	6,361
	17,118	6,546
Cash in hand	467	528
	17,585	7,074

22.1 Rate of profit on bank deposits ranges from 4.4% to 5.5% (2020: 4% to 5.5%) per annum.

	2021 (Rupees in thousand)	2020
23. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Export sales	478,009	761,271
Local sales (Note 23.1 and 23.2)	6,644,412	3,414,027
	7,122,421	4,175,298

23.1 Local sales

Sales	7,774,431	3,994,412
Less: Sales tax	(1,130,019)	(580,385)
	6,644,412	3,414,027

23.2 Local sales include waste sales of Rupees 287.277 million (2020: Rupees 160.983 million).

23.3 The amount of Rupees 1.284 million included in contract liabilities (Note 7) at 30 June 2020 has been recognised as revenue in 2021 (2020: Rupees 6.882 million).

23.4 Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers. Sales of yarn represents 95.97% (2020: 96.14%) of the total sales of the Company. Remaining sales represents waste sales. 93.29% (2020: 81.77%) of the sales of the Company relates to customers in Pakistan. Of the remaining sales of the Company relating to customers outside Pakistan, 100% (2020: 100%) of those sales are made to customers in China.

	2021 (Rupees in thousand)	2020
24. COST OF SALES		
Raw materials consumed (Note 24.1)	5,256,296	3,206,932
Salaries, wages and other benefits (Note 24.2)	445,799	321,136
Stores and spare parts consumed	142,427	79,536
Packing materials consumed	100,173	62,671
Repair and maintenance	12,316	12,879
Fuel and power	566,916	475,422
Insurance	5,900	5,701
Other factory overheads	6,411	6,485
Depreciation (Note 12.1.2)	62,128	64,968
	6,598,366	4,235,730

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 (Rupees in thousand)	2020
Work-in-process		
Opening stock	44,886	49,915
Less: Closing stock	(60,331)	(44,886)
	(15,445)	5,029
Cost of goods manufactured	6,582,921	4,240,759
Finished goods and waste		
Opening stock	416,975	256,654
Less: Closing stock	(606,424)	(416,975)
	(189,449)	(160,321)
Cost of sales	6,393,472	4,080,438
24.1 Raw materials consumed		
Opening stock	172,538	105,411
Add: Purchased during the year	5,325,549	3,274,059
	5,498,087	3,379,470
Less: Closing stock	(241,791)	(172,538)
	5,256,296	3,206,932

24.2 Salaries, wages and other benefits include provident fund contribution of Rupees 5.995 million (2020: Rupees 4.554 million) by the Company.

	2021 (Rupees in thousand)	2020
25. DISTRIBUTION COST		
Salaries and other benefits (Note 25.1)	1,823	1,355
Freight and forwarding - export	18,103	19,827
Freight - local	5,020	172
Commission to selling agents	40,971	19,415
	65,917	40,769

25.1 Salaries and other benefits include provident fund contribution of Rupees 0.063 million (2020: Rupees 0.040 million) by the Company.

	2021 (Rupees in thousand)	2020
26. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 26.1)	48,271	46,288
Directors' meeting fee	520	600
Rent, rates and taxes (Note 26.2)	3,071	3,071
Insurance	508	532
Travelling and conveyance	2,244	2,665
Vehicles' running	2,964	3,275
Entertainment	1,131	1,292
Legal and professional	2,831	2,596
Auditor's remuneration (Note 26.3)	1,200	1,050
Advertisement	60	141
Postage and telephone	1,569	1,275
Electricity and gas	2,107	1,789
Printing and stationery	1,096	633

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 (Rupees in thousand)	2020
Repair and maintenance	3,374	1,910
Fee and subscription	5,118	4,450
Depreciation (Note 12.1.2)	5,523	6,257
Miscellaneous	6	13
	81,593	77,837
26.1 Salaries and other benefits include provident fund contribution of Rupees 1.563 million (2020: Rupees 1.500 million) by the Company.		
26.2 This represents rent expense relating to leases of low-value assets.		
	2021 (Rupees in thousand)	2020
26.3 Auditor's remuneration		
Audit fee	900	865
Half yearly review	150	115
Other certifications	100	50
Out-of-pocket expenses	50	20
	1,200	1,050
27. OTHER EXPENSES		
Exchange loss - net	3,810	13,007
Workers' profit participation fund (Note 7.4)	25,053	-
Workers' welfare fund (Note 7.5)	9,520	-
Sales tax refundable written off	25,106	-
Allowance for expected credit losses (Note 18.3)	-	4,966
Loss on sale of property, plant and equipment	-	151
Impact of de-recognition of financial instrument carried at amortized cost	-	211
	63,489	18,335
28. OTHER INCOME		
Income from financial assets		
Dividend income (Note 28.1)	2,960	810
Profit on deposits with banks	9	38
	2,969	848
Income from assets other than financial assets		
Gain on sale of property, plant and equipment (Note 12.1.1)	858	-
Scrap sales	7,669	3,294
Rental income	49	1,628
Reversal of allowance for expected credit losses (Note 18.3)	589	-
Reversal of provision for slow moving and obsolete stores and spare parts (Note 16.1)	1,089	-
Gain on initial recognition for GIDC payable at amortized cost	5,620	-
	15,874	4,922
	18,843	5,770
28.1 Dividend income		
Other than related parties:		
Samba Bank Limited	2,073	-
EFU Life Assurance Limited	887	810
	2,960	810

NOTES TO THE FINANCIAL STATEMENTS
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	2021 (Rupees in thousand)	2020
29. FINANCE COST		
Mark-up on:		
Long term financing	804	1,071
Short term borrowings	57,328	50,304
Interest on employees' provident fund	291	597
Interest on workers' profit participation fund (Note 7.4)	13	591
Bank charges and commission	8,151	4,995
Adjustment due to impact of IFRS 9 (Note 6)	3,740	-
	70,327	57,558

30. TAXATION		
For the year		
Current tax (Note 30.1)	104,967	58,864
Deferred tax	-	(12,526)
Prior year		
Current tax	-	(1)
	104,967	46,337

30.1 The provision for current tax represents normal tax on local sales, final tax on export sales and dividend income and tax on income from other sources.

30.2 The Company has carry forwardable tax losses of Rupees Nil (2020: Rupees 84.148 million).

	2021 (Rupees in thousand)	2020
30.3 Reconciliation between tax expense and accounting profit / (loss)		
Accounting profit / (loss) before taxation	466,466	(93,869)
Applicable tax rate	29%	29%
Tax on accounting profit	135,275	-
Tax effect due to minimum tax	-	51,260
Tax effect of change in prior year's tax	-	(1)
Tax effect of final tax regime income	(4,311)	7,604
Tax effect due to adjustment of brought forward losses	(27,537)	-
Tax effect due to adjustment of minimum tax credit brought forward	(5,094)	-
Tax effect arising as a consequence of recognition of deferred income tax	-	(12,526)
Others	6,634	-
	104,967	46,337
	2021	2020

31. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings / (loss) per share which is based on:

Profit / (loss) attributable to ordinary shares	(Rupees in thousand)	361,499	(140,206)
Weighted average number of ordinary shares	(Numbers)	8,640,000	8,640,000
Earnings / (loss) per share	(Rupees)	41.84	(16.23)

NOTES TO THE FINANCIAL STATEMENTS
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	2021 (Rupees in thousand)	2020	
32. CASH UTILIZED IN OPERATIONS			
Profit / (loss) before taxation	466,466	(93,869)	
Adjustments for non-cash charges and other items:			
Depreciation	67,651	71,225	
Finance cost	70,327	57,558	
(Gain) / loss on sale of property, plant and equipment	(858)	151	
Impact of de-recognition of financial instrument carried at amortized cost	-	211	
Dividend income	(2,960)	(810)	
Exchange loss	3,810	13,007	
(Reversal of) / allowance for expected credit losses	(589)	4,966	
Profit on deposits with banks	(9)	(38)	
Provision for workers' profit participation fund	25,053	-	
Provision for workers' welfare fund	9,520	-	
Sales tax refundable written off	25,106	-	
Gain on initial recognition of GIDC payable at amortized cost	(5,620)	-	
Working capital changes (Note 32.1)	(660,571)	(93,447)	
	(2,674)	(41,046)	
32.1 Working capital changes			
Decrease / (increase) in current assets:			
- Stores and spare parts	(1,583)	(4,071)	
- Stock-in-trade	(274,147)	(222,419)	
- Trade debts	(643,792)	111,410	
- Advances	4,623	6,495	
- Other receivables	(5,869)	6,868	
	(920,768)	(101,717)	
Increase in trade and other payables	260,197	8,270	
	(660,571)	(93,447)	
32.2 Reconciliation of movement of liabilities to cash flows arising from financing activities			
	2021		
	Liabilities from financing activities		
	Long term financing	Short term borrowings	Unclaimed dividend
	(Rupees in thousands)		
Balance as at 01 July 2020	16,286	324,420	4,424
Repayment of financing	(16,286)	-	-
Short term borrowings - obtained	-	3,361,323	-
Short term borrowings - repaid	-	(3,136,735)	-
Dividend declared	-	-	-
Dividend paid	-	-	(90)
Balance as at 30 June 2021	-	549,008	4,334
	2020		
	Liabilities from financing activities		
	Long term financing	Short term borrowings	Unclaimed dividend
	(Rupees in thousands)		
Balance as at 01 July 2019	27,103	131,806	4,266
Repayment of financing	(10,817)	-	-
Short term borrowings - obtained	-	2,017,917	-
Short term borrowings - repaid	-	(1,825,303)	-
Dividend declared	-	-	9,072
Dividend paid	-	-	(8,914)
Balance as at 30 June 2020	16,286	324,420	4,424

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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:

	Chief Executive		Director		Executives	
	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)					
Managerial remuneration	11,640	11,599	6,958	6,775	2,805	1,213
Allowances						
House rent	5,238	5,220	3,131	3,049	1,264	546
Conveyance	-	-	-	-	162	36
Medical	-	-	-	-	196	85
Utilities	1,164	1,160	696	678	291	49
Other	-	-	-	-	11	43
Contribution to provident fund	698	696	417	407	168	73
	18,740	18,675	11,202	10,909	4,897	2,045
Number of persons	1	1	1	1	2	1

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 0.520 million (2020: Rupees 0.600 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:

	2021	2020
	(Rupees in thousand)	
Associated companies		
Sale of goods and services	136,939	133,245
Purchase of goods and services	2,876	3,029
Purchase of operating fixed asset	2,340	-
Insurance premium	8,539	8,268
Rent expense	2,400	2,400
Dividend paid	-	3,078
Other related parties		
Company's contribution to employees' provident fund trust	7,621	6,094
Loan obtained from chief executive and his spouse	31,768	39,254
Loan repaid to chief executive and his spouse	50	8,268

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:

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Name of the related party	Basis of relationship	Transactions entered or agreements and /or arrangements in place during the financial year		Percentage of shareholding
		2021	2020	
Suraj Cotton Mills Limited	Common directorship	Yes	Yes	None
Crescent Powertec Limited	Common directorship	Yes	Yes	None
The Shams Textile Mills Limited Employees Provident Fund Trust	Post-employment benefit plan	Yes	Yes	None
Premier Insurance Limited	Common directorship	Yes	Yes	1.46%
The Crescent Textile Mills Limited	Common directorship	Yes	Yes	None
Shakarganj Limited	Common directorship	No	No	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	No	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	No	No	None
Mohammad Amin Mohammad Bashir Limited	Common directorship	No	No	None
Crescent Educational Trust	Director is trustee of the Trust	No	No	None
Ayesha Khurram (Private) Limited	Common directorship	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.

	2021	2020
36. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	1,136	989
Average number of employees during the year	1,143	1,296

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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.

(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 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)	
	2021 (Rupees in thousand)	2020
PSX 100 (5% increase)	2,331	2,307
PSX 100 (5% decrease)	(2,331)	(2,307)
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 long term financing and short term borrowings. 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:

	2021 (Rupees in thousand)	2020
Fixed rate instruments		
Financial assets		
Financial liabilities		
Long term financing	-	16,286
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	165	185
Financial liabilities		
Short term borrowings	549,008	324,420

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 3.624 million (2020: loss after taxation for the year would have been Rupees 2.302 million higher / lower) lower / higher 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:

	2021 (Rupees in thousand)	2020
Long term investments	46,623	46,144
Long term security deposits	1,576	1,576
Trade debts	735,048	94,477
Advances	603	161
Other receivables	7,541	878
Bank balances	17,118	6,546
	808,509	149,782

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				2021	2020
Short Term	Long Term	Agency	(Rupees in thousand)		
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	20	15
MCB Bank Limited	A1+	AAA	PACRA	16,179	5,589
Faysal Bank Limited	A1+	AA	PACRA	847	869
Allied Bank Limited	A1+	AAA	PACRA	36	36
United Bank Limited	A-1+	AAA	JCR-VIS	5	5
The Bank of Punjab	A1+	AA+	PACRA	22	22
BankIslami Pakistan Limited	A1	A+	PACRA	3	3
Finca Microfinance Bank Limited	A1	A	JCR-VIS	4	5
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2	2
				17,118	6,546
Investments					
Premier Insurance Limited	-	A	PACRA	4,065	3,695
Samba Bank Limited	A-1	AA	JCR-VIS	18,464	21,589
EFU Life Assurance Limited	-	AA+	JCR-VIS	12,392	12,626
Crescent Cotton Mills Limited	Unknown	-	-	9,679	7,019
Crescent Fibres Limited	Unknown	-	-	1,979	1,190
Jubilee Spinning and Weaving Mills Limited	Unknown	-	-	44	25
				46,623	46,144
				63,741	52,690

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Trade debts

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.

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 2021 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 2021 and 30 June 2020 was determined as follows:

At 30 June 2021

	Local Sale			Export Sale		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Not past due	0.00%	626,029	-	0.00%	-	-
Up to 30 days	0.02%	90,967	18	0.00%	-	-
31 to 60 days	0.03%	1,316	1	0.00%	-	-
61 to 90 days	0.35%	1,128	4	0.00%	-	-
91 to 180 days	1.40%	13,340	188	0.00%	-	-
181 to 360 days	1.84%	2,525	46	0.00%	-	-
Above 360 days	100.00%	2,894	2,894	100.00%	-	-
		738,199	3,151		-	-

At 30 June 2020

	Local Sale			Export Sale		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Not past due	0.00%	53,216	-	0.00%	-	-
Up to 30 days	0.56%	16,286	91	0.00%	-	-
31 to 60 days	1.27%	14,316	182	0.00%	-	-
61 to 90 days	11.18%	11,103	1,242	0.00%	-	-
91 to 180 days	42.46%	320	136	0.00%	-	-
181 to 360 days	70.20%	2,976	2,089	0.00%	-	-
Above 360 days	100.00%	-	-	100.00%	-	-
		98,217	3,740		-	-

(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 2021, the Company had Rupees 500.992 million (2020: Rupees 375.580 million) available borrowing limits from financial institutions and Rupees 17.585 million (2020: Rupees 7.074 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, 2021

Contractual maturities of financial liabilities as at 30 June 2021

	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	809,826	809,826	809,826	-	-	-
Accrued mark-up	7,391	7,391	7,391	-	-	-
Short term borrowings	549,008	562,409	562,409	-	-	-
Unclaimed dividend	4,334	4,334	4,334	-	-	-
	1,370,559	1,383,960	1,383,960	-	-	-

Contractual maturities of financial liabilities as at 30 June 2020

	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:						
Long term financing	16,286	17,615	552	2,607	13,426	1,030
Trade and other payables	774,284	774,284	774,284	-	-	-
Accrued mark-up	5,559	5,559	5,559	-	-	-
Short term borrowings	324,420	340,240	340,240	-	-	-
Unclaimed dividend	4,424	4,424	4,424	-	-	-
	1,124,973	1,142,122	1,125,059	2,607	13,426	1,030

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 5 and note 9 to these financial statements.

37.2 Financial instruments by categories

	Amortized cost	FVTOCI	Total
(Rupees in thousand)			
Assets as per statement of financial position			
As at 30 June 2021			
Long term investments	-	46,623	46,623
Long term security deposits	1,576	-	1,576
Trade debts	735,048	-	735,048
Advances	603	-	603
Other receivables	7,541	-	7,541
Cash and bank balances	17,585	-	17,585
	762,353	46,623	808,976

	Amortized cost	FVTOCI	Total
(Rupees in thousand)			
As at 30 June 2020			
Long term investments	-	46,144	46,144
Security deposits	1,576	-	1,576
Trade debts	94,477	-	94,477
Advances	161	-	161
Other receivables	878	-	878
Cash and bank balances	7,074	-	7,074
	104,166	46,144	150,310

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	Financial liabilities at amortized cost	
	2021	2020
	(Rupees in thousand)	
Liabilities as per statement of financial position		
Long term financing	-	16,286
Trade and other payables	809,826	774,284
Accrued mark-up	7,391	5,559
Short term borrowings	549,008	324,420
Unclaimed dividend	4,334	4,424
	1,370,559	1,124,973

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

	2021		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	(Rupees in thousand)		
Assets			
Long term investments	46,623	-	46,623
Long term security deposits	1,576	-	1,576
Trade debts	735,048	-	735,048
Advances	603	6,723	7,326
Other receivables	7,541	22,388	29,929
Cash and bank balances	17,585	-	17,585
	808,976	29,111	838,087

	2021		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	(Rupees in thousand)		
Liabilities			
Trade and other payables	809,826	257,304	1,067,130
Accrued mark-up	7,391	-	7,391
Short term borrowings	549,008	-	549,008
Unclaimed dividend	4,334	-	4,334
	1,370,559	257,304	1,627,863

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

2020		
Financial assets	Non-financial assets	Assets as per statement of financial position

(Rupees in thousand)

Assets			
Long term investments	46,144	-	46,144
Long term security deposits	1,576	-	1,576
Trade debts	94,477	-	94,477
Advances	161	11,788	11,949
Other receivables	878	23,182	24,060
Cash and bank balances	7,074	-	7,074
	150,310	34,970	185,280

2020		
Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position

(Rupees in thousand)

Liabilities			
Long term financing	16,286	-	16,286
Trade and other payables	774,284	39,594	813,878
Accrued mark-up	5,559	-	5,559
Short term borrowings	324,420	-	324,420
Unclaimed dividend	4,424	-	4,424
	1,124,973	39,594	1,164,567

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 long term financing and short term borrowings obtained by the Company as referred to in note 5 and 9 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

		2021	2020
Borrowings	Rupees in thousand	549,008	340,706
Total equity	Rupees in thousand	895,594	533,616
Total capital employed	Rupees in thousand	1,444,602	874,322
Gearing ratio	Percentage	38.00	38.97

There is no significant change in gearing ratio.

39. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2021	2020	2021	2020
Total facilities	750,000	750,000	1,050,000	700,000
Utilized at the end of the year	(163,641)	(69,596)	(549,008)	(324,420)
Unutilized at the end of the year	586,359	680,404	500,992	375,580
	2021	2020		

40. PLANT CAPACITY AND ACTUAL PRODUCTION

Number of spindles installed	56,352	58,272
Number of spindles operated	52,439	41,134
100% plant capacity converted to 20s count based on 3 shifts per day (Kgs)	21,380,128	22,293,414
Actual production converted to 20s count based on 3 shifts per day (Kgs)	17,562,150	16,084,361

40.1 Reasons for low production:

Under utilization of available capacity was due to normal maintenance.

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 30m June 2021	Level 1	Level 2	Level 3	Total
(Rupees in thousands)				
Financial assets				
Fair value through other comprehensive income	46,623	-	-	46,623
Total financial assets	46,623	-	-	46,623
Recurring fair value measurements At 30m June 2020	Level 1	Level 2	Level 3	Total
(Rupees in thousands)				
Financial assets				
Available for sale financial assets	46,144	-	-	46,144
Total financial assets	46,144	-	-	46,144

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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.

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

	Note	2021 (Rupees in thousand)	2020
Description			
Loan / advances obtained as per Islamic mode:			
Loans	5 and 9	-	-
Advances	7	93,240	18,989
Shariah compliant bank deposits / bank balances			
Bank balances	22	3	3
Profit earned from shariah compliant bank deposits / bank balances			
Profit on deposits with banks	28	-	-
Revenue earned from shariah compliant business	23	7,122,421	4,175,298
Gain or dividend earned from shariah compliant investments			
Exchange loss	27	3,810	13,007
Mark-up paid on Islamic mode of financing			
Profits earned or interest paid on any conventional loan / advance			
Interest paid on loans		64,451	57,673
Profit earned on deposits with banks	28	9	38
Relationship with shariah compliant banks			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name	Relationship
Bank Islami Pakistan Limited	Bank balance

43 OPERATING SEGMENTS

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

Sales of yarn represents 95.97% (2020: 96.14%) of the total sales of the Company.

93.29% (2020: 81.77%) of the sales of the Company relates to customers in Pakistan. Of the remaining sales of the Company relating to customers outside Pakistan, 100% (2020: 100%) of those sales are made to customers in China.

All non-current assets of the Company at 30 June 2021 are located in Pakistan.

22.75% (2020: 16.01%) of the total sales of the Company are made to a single customer in Pakistan.

44 IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the year, the Government of the Punjab from time to time announced temporary smart lock downs as a measure to reduce the spread of the COVID -19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant. Further, management believes that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. From the very outset of COVID-19, the management has adopted various policies and practices to minimize adverse impact of COVID-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from COVID-19.

45 EVENTS AFTER THE REPORTING PERIOD

45.1 The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2021 of Rupees 2 per share (2020: Rupees Nil per share) at their meeting held on 30 September, 2021. However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

46 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30 September, 2021 by the Board of Directors of the Company.

47 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison.

48 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

Name of The Company

PART -I
Shams Textile Mills Limited
PART -II

Pattern of Holding of the Shares held by the Shareholders as at :June 30, 2021

Number of Shareholders	Shareholding		Total Shares held
	From	To	
452	1	100	18,126
260	101	500	65,062
53	501	1,000	38,767
91	1,001	5,000	221,461
41	5,001	10,000	305,127
14	10,001	15,000	187,502
8	15,001	20,000	133,457
5	20,001	25,000	111,988
8	25,001	30,000	211,643
4	30,001	35,000	133,631
4	35,001	40,000	150,329
1	45,001	50,000	49,364
1	50,001	55,000	54,693
1	65,001	70,000	66,325
1	70,001	75,000	74,209
1	90,001	95,000	90,500
1	110,001	115,000	110,806
1	120,001	125,000	125,000
1	180,001	185,000	184,000
1	225,001	230,000	229,994
1	240,001	245,000	240,460
1	260,001	265,000	260,567
1	310,001	315,000	313,979
1	355,001	360,000	357,000
1	395,001	400,000	399,000
1	810,001	815,000	812,160
1	950,001	955,000	950,297
1	1,020,001	1,025,000	1,024,498
1	1,720,001	1,725,000	1,720,055
958			8,640,000

As On: June 30, 2021

Categories of Shareholder	Share held	Percentage
Directors, CEO, Their Spouse and Minor Childern	2,298,323	26.60
Associated Companies, Undertakings & Related Parties	2,931,265	33.93
NIT & ICP	1,024,498	11.86
Banks, DFIs, NBFCs	25,378	0.29
Insurance Companies	5,730	0.07
Modarabas and Mutual Funds	13,316	0.15
General Public (Local)	1,990,652	23.04
Other Companies (Local)	350,838	4.06
	8,640,000	100.00

Shareholders More Than 10.00%		
CRESCENT POWERTEC LIMITED	1,720,105	19.91
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,024,498	11.86
KHALID BASHIR	950,297	11.00

Detail of Purchase/sale of Shares by Directors/CEO/Company Secretary/CFO and their Spouse/Minor Children during FY 2021

Name	No of Shares	Nature of Transaction
Mr. Khalid Bashir	4,549	Through Inheritance
Mr. Khalid Bashir	45,000	Purchased
Mr. Adil Bashir (Non Executive)	90,500	Purchased
Mr. Asif Bashir (Executive)	1,000	Purchased
Mrs. Amina Asif Bashir (Spouse of Mr. Asif Bashir)	12,500	Purchased

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: 30 September, 2021

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.	
<div style="border-top: 1px solid black; width: 200px; margin-left: 0;"></div> Signature of Shareholders	

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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-Account No. _____

NIC No. _____

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 54th Annual General Meeting
 of the Company to be held on Thursday, 28 October, 2021 at 9:00 a.m. at Registered Office, 7-B-3,
 Aziz Avenue, Gulberg-5 Lahore and at any adjournment thereof.

Dated this _____ day of _____, 2021. 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 7-B-3, Aziz Avenue, Gulberg-5, 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.

شمس ٹیکسٹائل ملز لمیٹڈ
تشکیل نیابت داری (پراسی فارم)
۵۴ واں سالانہ اجلاس عام

میں / ہم -----
ساکن ----- بحیثیت شمس ٹیکسٹائل ملز لمیٹڈ رکن (ممبر) اور حامل ہیں -----
عام حصص کے مطابق درج شدہ فولیو نمبر ----- اور یاسی ڈی سی کے شراکتی آئی ڈی نمبر -----
اور ذیلی کھاتہ نمبر ----- محترم محترمہ -----
ساکن ----- یا بصورت دیگر محترم محترمہ -----
ساکن ----- کو اپنی جگہ بروز جمعرات ۲۸ اکتوبر ۲۰۲۱ دن ۹:۰۰ بجے صبح بمقام کمپنی کے رجسٹرڈ آفس (۷ بی ۳،
عزیز ایونیو، گلبرگ ۵، لاہور) میں منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں رائے دہندگی کے لیے اپنا نماندہ مقرر کرتا
کرتی ہوں۔
مورخہ ----- دن ----- ۲۰۲۱

ریونیو چسپاں کریں

گواہ

(دستخط کمپنی میں پہلے سے موجود

نمونہ کہ مطابق ہونے چاہیے)

(۱) دستخط -----

نام -----

پتہ -----

سی این آئی سی -----

(۲) دستخط -----

نام -----

پتہ -----

سی این آئی سی -----

Shams Textile Mills Limited
7-B-3, Aziz Avenue, Gulberg 5
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