



SHAMS TEXTILE MILLS LIMITED

ANNUAL REPORT 2025



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COMPANY INFORMATION

Board of Directors

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

Chief Executive Officer

Khalid Bashir

Chief Financial Officer

Tariq Javed

Company Secretary

Muhammad Haroon Arif

Audit Committee

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

Human Resource & Remuneration Committee

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

Risk Committee

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

Share Registrar

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

Auditors

Riaz Ahmad & Company
Chartered Accountants

Bankers

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

Registered Office

Office No. 801, Tricon Corporate Centre, 73-E,
Main Jail Road, Gulberg II, Lahore
Ph: +92-423-576 0379, 576 0381
Email: info@shams.com.pk
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 39,216 by installing another spinning unit at Sheikhpura Road near Shahkot. The facility started its commercial production in August 01, 1994 and ever since has contributed positively to the results of the company.

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

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

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

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

MISSION / VISION STATEMENT

Our Business

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

Vision of Future Business

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

Our Strengths

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

Our Strategy

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

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

Our Values

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

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

Name of Company:
Year ended:

Shams Textile Mills Limited
June 30, 2025

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

1. The total number of Directors are eight **(8)** as per the following:

a. Male: **7**

b. Female: **1**

2. The composition of board is as follows:

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

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

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. Adil Bashir	Member

b) **HR Nomination and Remuneration Committee**

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

c) **Risk Management Committee**

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:
- a) **Audit Committee**
Four meetings were held during the financial year ended 30 June 2025.
- b) **HR Nomination and Remuneration Committee**
One meeting of HR Nomination and Remuneration Committee was held during the financial year ended 30 June 2025.
- c) **Risk Management Committee**
No meeting of Risk Management Committee was held during the financial year ended 30 June 2025.
15. The board has set up an effective internal audit function by appointing Head of Internal Audit and has outsourced the internal audit function to M/s Tahir Consulting (Private) Limited, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	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	Directors' Training It is encouraged that by 30 June 2022, all directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	Five directors of the Company are exempt from Directors' training program and one director of the Company has acquired Directors' Training Program certification. The Company has planned to arrange Directors' Training Program certification for remaining two directors.	19(1)
4	Directors' Training Companies are encouraged to arrange training for at least one head of department every year under the Directors' Training Program from July 2022.	The Company has planned to arrange Directors' Training Program certification for head of department in next few years.	19(3)
5	Significant policies The Board is required to approve anti-harassment policy to safeguard the rights and well-being of employees.	Securities and Exchange Commission of Pakistan (SECP) amended regulation 10 of the Regulations on 12 June 2024. Currently, the management is assessing this amendment and compliance thereof, as applicable, will be performed in due course of time.	10(4)(xvi)
6	Role of the Board and its members to address Sustainability Risks and Opportunities The board is responsible for governance and oversight of sustainability risks and opportunities within the Company by setting the Company's sustainability strategies, priorities and targets to create long term corporate value.	SECP introduced new regulation 10A in the Regulations on 12 June 2024. Currently, the management is assessing this amendment and compliance thereof, as applicable, will be performed in due course of time.	10(A)
7	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

29 September, 2025
Lahore

CHAIRMANS' REVIEW REPORT

I am delighted to share the Chairman's Review Report of our company for the fiscal year ending on 30 June 2025.

Economic Overview

The financial year 2024-25 was marked by a challenging economic environment both domestically and globally, which directly impacted Pakistan's textile and spinning sector.

On the domestic front, GDP growth remained modest, driven largely by agriculture and services, while the industrial sector, including textiles, continued to face cost pressures. The policy rate was gradually brought down to 11% by June 2025, but the high cost of borrowing throughout most of the year squeezed liquidity for businesses, especially in working-capital intensive industries such as spinning. Persistent energy shortages, coupled with high electricity and gas tariffs, further increased operational costs and reduced capacity utilization for many mills.

Corporate Governance

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

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

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

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

Future Prospects

With the economy showing early signs of stabilization after a prolonged period of volatility, the outlook for the textile sector appears cautiously optimistic. Improvements in monetary policy, declining inflationary pressures, and targeted government initiatives have created a relatively more enabling environment for businesses.

Strategic investments in technology, process optimization, and market diversification are expected to strengthen competitiveness in both domestic and export markets. Furthermore, potential improvements in cotton production and enhanced access to regional and global trade opportunities provide an encouraging basis for future expansion.

Acknowledgment

I would like to extend my appreciation to my fellow Board members for their continued guidance and dedication. I also convey my gratitude to our valued stakeholders for their trust and confidence, and to our management team and employees for their commitment and loyalty.



MUHAMMAD ANWAR
(CHAIRMAN)

Date: 29th Sep, 2025

چیئر مین کی جائزہ رپورٹ

میں 30 جون 2025ء کو اختتام پذیر مالیاتی سال کے لئے اپنی کمپنی کی چیئر مین کی جائزہ رپورٹ ازراہ مسرت پیش کرتا ہوں۔

اقتصادی جائزہ

مالیاتی سال 2024-2025ء میں ملکی عالمی سطح پر چیلنجنگ معاشی ماحول رہا جس نے پاکستان کے ٹیکسٹائل اور سپننگ شعبہ پر براہ راست اثرات مرتب کئے۔ ملکی سطح پر GDP نمو میں معمولی اضافہ ہوا جسے زیادہ تر زراعت اور سروسز کی بہتر کارکردگی سے منسوب کیا جا رہا ہے جبکہ صنعتی شعبہ بشمول ٹیکسٹائل پر لاگت کا دباؤ برقرار رہا۔ پالیسی کی شرح کو جون 2025ء تک بتدریج 11% کی کم ترین سطح پر لایا گیا لیکن رواں برس کے دوران قرضوں پر بلند لاگت نے کاروباروں کی لیکویڈٹی کو مزید سکڑ دیا ہے جس سے سرمایہ زیکار کے لئے حساس صنعتیں یعنی سپننگ پر برے اثرات مرتب ہوئے ہیں۔ توانائی کی مسلسل قلت اور بجلی اور گیس کی زیادہ قیمتوں نے آپریشنل لاگت میں مزید اضافہ کیا اور کئی ملوں کی استعداد کے استعمال میں کمی واقع ہوئی۔

کارپوریٹ گورننس

شمس ٹیکسٹائل ملز لمیٹڈ کے چیئر مین کی جائزہ رپورٹ کاروباری نظم و ضبط پر مرموبوط عمل درآمد کی جانب کمپنی کے عزم کی عکاسی کرتی ہے۔ بورڈ آف ڈائریکٹرز سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے قائم کوڈ آف کارپوریٹ گورننس پر عمل درآمد کو یقینی بنانے میں اہم کردار کرتا ہے۔ اس میں انٹرنل کنٹرول کی مرموبوط پالیسیوں کا تسلسل اور مسلسل آپریشنل جائزے عمل میں لانا شامل ہیں۔ کمپنی نے نظم و ضبط کے ڈھانچہ کو ریگولیٹری تقاضوں اور انڈسٹری اصولوں کے ساتھ ہم آہنگ کرنے کے لئے قبل از وقت اقدامات کئے ہیں۔

مزید برآں، کمپنی مالیاتی رپورٹنگ اور رسک مینجمنٹ میں شفافیت پر زور دیتی ہے۔ بورڈ اور اس کی کمیٹیاں بشمول آڈٹ اور رسک کمیٹیاں مالیاتی و آپریشنل خطرات کو فعال انداز میں پہنچ کرتی ہیں جس میں مارکیٹ کا اتار چڑھاؤ اور شرح سود شامل ہیں۔

شمس ٹیکسٹائل ملز اپنی کاروباری حکمت عملی میں کاروباری و سماجی ذمہ داری (CSR) کو بھی شامل کرتی ہے اور اپنے گورننس فریم ورک میں ماحولیاتی استحکام اور مزدوروں کی فلاح پر بھرپور توجہ دیتی ہے۔

لب لباب یہ ہے کہ ہماری کمپنی پر بھرپور وسعہ قائم رکھنے کے لئے میں تمام شیئرز ہولڈرز کو تہہ دل سے خراج تحسین پیش کرتا ہوں۔ بورڈ اور میں STM کے تمام اراکین کی غیر متزلزل حمایت اور جذبہ کو بھی سراہتے ہیں۔ موجودہ چیلنجز کے باوجود، ہمارا توجہ کامرکز موثر مینجمنٹ ہے جو شیئرز ہولڈرز کی قدر بڑھانے میں ہمارے اعتماد کو مزید مضبوط کرتا ہے۔

مستقبل کے امکانات

اتار چڑھاؤ کے طویل دورانیہ کے بعد معیشت استحکام کے آثار ظاہر کر رہی ہے۔ ٹیکسٹائل سیکٹر کا منظر نامہ محتاط اندازے کے مطابق امید پیدا کر رہا ہے۔ مانیٹری پالیسی میں بہتری، افراط زر کے دباؤ میں کمی اور حکومت کے خصوصی اقدامات نے کاروبار کے لئے نسبتاً سازگار ماحول پیدا کیا ہے۔

ٹیکنالوجی، پرائسز آپٹیمائزیشن اور مارکیٹ میں تنوع پراسٹریجک سرمایہ کاری سے مقامی و برآمدی منڈیوں میں مسابقتی ماحول میں مزید استحکام کے امکانات پیدا ہو رہے ہیں۔ مزید برآں، کپاس کی پیداوار میں ممکنہ بہتری اور ملکی و عالمی تجارتی مواقع تک بڑھتی ہوئی رسائی مستقبل میں توسیع کے لئے ایک خوش کن بنیاد فراہم کر رہے ہیں۔

اظہار تشکر

میں اپنے ساتھ بورڈ اراکین کی لگاتار رہنمائی اور جذبہ پر خراج تحسین پیش کرنا چاہتا ہوں۔ میں اپنے معزز اسٹیک ہولڈرز کے جانب سے ہم پر اعتماد اور بھرپور وسعہ اور عزم اور وفاداری کے لئے اپنی انتظامی ٹیم اور ملازمین کا بھی شکریہ ادا کرنا چاہتا ہوں۔

محمد انور

محمد انور

(چیئر مین)

تاریخ: 29 ستمبر، 2025ء

DIRECTORS' REPORT

The Directors of the Company present their Report along with the Audited Financial Statements of the Company and Auditors' Report thereon for the year ended 30 June 2025.

Financial Review:

A brief financial analysis is presented as under:

Rupees in millions

Income Statement	2025	2024
Sales	4,105	6,916
Gross Profit	91.98	270.73
Operating Profit	8.179	143.23
Financial cost	(105.65)	(90.50)
(Loss)/Profit before taxation	(97.47)	52.73
Levy & Taxation	(39.723)	(86.625)
Net (Loss)	(137.19)	(33.90)
(Loss) per Share (EPS)	(15.88)	(3.92)

Your Company earned a gross profit of Rs. 91.98 million compared to a gross profit of Rs 270.73 million in the previous financial year due to decrease in revenue in the current year. The decrease in sales during the current year as compared to the previous year is due to decrease in the demand of the yarn produced in the domestic market. The increase in the finance cost is due to increased long and short-term borrowings during the current period.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk, and interest rate risk), credit risk, and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, and liquidity risk.

Financial Statements

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

Auditors

The auditors Messrs. Riaz Ahmad & Co., Chartered Accountants, retire and offer themselves for re-appointment for the FY 2025-26. The Audit Committee has recommended their re-appointment which has been endorsed by the Board for shareholders' consideration and approval at the forthcoming annual general meeting.

Subsequent Events

No material changes and commitments affecting the Financial Position of the Company have occurred between the end of the financial year to which these financial statements relate and the date of the Director's Report.

Pattern of Shareholding

A statement of the pattern of shareholding as of June 30, 2025, which is required to be disclosed under the reporting framework, is annexed to this report.

Note on Solar Power Project Installation

The Company has successfully installed a Solar Power System of 3.24 MW at a total cost of Rs. 230 million. This initiative is part of our commitment towards sustainable energy, cost optimization, and reducing dependency on conventional power sources. The system is expected to generate significant annual energy savings, lower operational costs, and contribute positively towards environmental conservation by reducing carbon emissions.

Statement of Compliance with COCG

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

Related Party Transactions

All the related party transactions are entered on an arm's length basis in the ordinary course of business and comply with the applicable provisions of the Companies Act, 2017. All related party transactions during FY 2025 were placed before the Audit Committee and the Board for their review.

and approval. These transactions were reviewed by the Audit Committee and approved by the Board.

Directors and Board Meetings

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

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

Meetings of the Board of Directors

Four meetings of the Board of Directors were held during the year 2024-25. 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	04
5.	Mr. Khurram Mazhar Karim	04
6.	Mr. Shahid Arshad	04
7.	Mr. Mohammad Shafiq Gill	04
8.	Mrs. Minal Mishal Adamjee	03

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

Directors' Remuneration

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

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

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

Details of remuneration paid to executive directors of the company for the FY 2025, as required under regulation 34(3) of the Code of Corporate Governance Regulations, 2019; are disclosed in financial statements.

Board Committees & Meetings

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

Audit Committee

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

Sr. No.	Name of Member	Meetings Attended
1.	Mr. Shahid Arshad (Chairman)	04
2.	Mr. Khurram Mazhar Karim	04
3.	Mr. Adil Bashir	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 with the Code of Corporate Governance has established a Human Resource Nomination & Remuneration Committee, only one meeting was held during the financial year 2024-25. Following is the composition of the Human Resource Nomination & Remuneration Committee:

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

Risk Committee

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

Adequacy of Internal & Financial Controls

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

- Effective and efficient conduct of operations.

- Safeguarding the company's assets.
- Compliance with applicable Laws and Regulations.
- Reliable Financial Reporting.

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

Performance Evaluation of Board of Directors

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

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

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

Statement on Corporate and Financial Reporting Framework:

- Financial statements prepared by the 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 the 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 the preparation of financial statements, and any departure therefrom has been adequately disclosed and explained;
- The Company has sound potential to continue as a 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 the training program of Directors. All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

Future Outlook

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

Acknowledgement

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

For and on behalf of the Board of Directors



Khalid Bashir
Chief Executive



Asif Bashir
Director

29 September, 2025

Lahore

شمس ٹیکسٹائل ملز لمیٹڈ

30 جون 2025ء کو اختتام پذیر سال کے لئے ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز 30 جون 2025ء کو اختتام پذیر سال کے لئے کمپنی کی پڑتال شدہ مالیاتی اسٹیٹمنٹس اور ان پر آڈیٹرز کی رپورٹ پیش کرتے ہیں۔

مالیاتی جائزہ

ڈائریکٹرز کی منظور شدہ پالیسیوں کے مطابق رسک مینجمنٹ کو عمل میں لاتا ہے۔ کمپنی کا مالیاتی شعبہ مالیاتی رسک مینجمنٹ، کرنسی رسک، دیگر پرائس رسک، انٹرسٹ ریٹ رسک، کریڈٹ رسک اور لیکویڈٹی رسک جیسے مخصوص شعبوں کا احاطہ کرنے والی پالیسیوں کا جائزہ لیتا ہے اور اس میں سقم کو دور کرتا ہے۔

مالیاتی اسٹیٹمنٹس

لیمڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط، 2019ء (CCG ضوابط، 2019ء) کے قاعدہ 25 کے تحت چیف ایگزیکٹو آفیسر اور چیف فنانس افسر اپنے دستخطوں کے ساتھ توثیق کر کے بورڈ آف ڈائریکٹرز (بورڈ) کے غور اور منظوری کے لئے مالیاتی اسٹیٹمنٹس پیش کرتے ہیں۔ غور اور منظوری کے بعد بورڈ اجراء و تقسیم کے لئے مالیاتی اسٹیٹمنٹس پر دستخط کی اجازت دیتا ہے۔ کمپنی کی مالیاتی اسٹیٹمنٹس کی باقاعدہ پڑتال ریاض احمد اینڈ کو چارٹرڈ اکاؤنٹنٹس نے کی ہے اور ان کی رپورٹ مالیاتی اسٹیٹمنٹس کے ساتھ لف ہے۔ انہوں نے غیر مصدقہ رپورٹ اراکین کو جاری کی ہے۔

آڈیٹرز

آڈیٹرز میسرز ریاض احمد اینڈ کو چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور مالیاتی سال 2026ء کے لئے اپنی دوبارہ تقرری کی پیشکش کرتے ہیں۔ آڈٹ کمیٹی نے ان کی دوبارہ تقرری کی سفارش کی ہے اور آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کے غور اور منظوری کے لئے بورڈ نے اسے تسلیم کیا ہے۔

مابعد واقعات

ان مالیاتی اسٹیٹمنٹس کے مالیاتی سال کے اختتام اور ڈائریکٹرز رپورٹ کی تاریخ اجراء تک کمپنی کی مالیاتی حالت پر اثر انداز ہونے والی کئی مادی تبدیلیاں اور عزائم واقع نہ ہوئے ہیں۔

شیئر ہولڈنگ کا پیرن

30 جون 2025ء تک شیئر ہولڈنگ کے پیرن کا بیان، جو رپورٹنگ فریم ورک کے تحت ظاہر کرنا ضروری ہے، رپورٹ ہذا کے ساتھ لف ہے۔

سولر پاور پروجیکٹ کی تنصیب پر بیان

کمپنی نے 230 ملین روپے کل لاگت پر 3.24 میگا واٹ کا سولر پاور سسٹم کامیابی سے نصب کیا ہے۔ یہ اقدام لگا تار توانائی، لاگت میں کمی اور توانائی کے روایتی وسائل کے استعمال میں کمی کی جانب ہمارے عزم کا اعادہ کرتا ہے۔ سسٹم کے ذریعے واضح طور پر سالانہ توانائی کی کھپت میں بچت اور آپریشنل لاگت میں کمی واقع ہوگی جو کاربن اخراج میں کمی کے ذریعے ماحولیاتی تحفظ کی جانب مثبت پیش رفت ظاہر کرے گی۔

COCG کی تعمیل کا بیان

کمپنی نے لیمڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط، 2019ء کے اصولوں کی من و عن تعمیل کی ہے۔ اس بابت بیان رپورٹ ہذا کے ساتھ لف ہے۔

اکم اسٹیٹمنٹ	2025ء	2024ء
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(ملین روپوں میں)

سیلز	4,105	6,916
مجموعی منافع	91.98	270.73
آپریٹنگ منافع	8.179	143.23
قرضوں پر لاگت	(105.65)	(90.50)
(نقصان)/نفع علاوہ ٹیکسیشن	(97.47)	52.73
لیوی اور ٹیکسیشن	(39.723)	(86.625)

خالص (خسارہ) (137.19) (33.90)

(خسارہ) فی حصص	(15.88)	(3.92)
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آپ کی کمپنی نے رواں برس آمدنی میں کمی کے باعث گزشتہ مالیاتی سال میں 270.73 ملین روپے مجموعی منافع کے مقابلہ میں 91.98 ملین روپے مجموعی منافع کمایا۔ گزشتہ برس کے مقابلے میں رواں برس سیلز میں کمی مقامی منڈیوں میں حاصل یارن کی طلب میں کمی کے باعث واقع ہوئی۔ رواں مدت کے دوران قلیل و طویل مدتی قرضوں کے باعث قرضوں کی لاگت میں اضافہ دیکھا گیا۔

کاروباری و سماجی ذمہ داری (CSR)

کمپنی اپنے کاروبار میں کاروباری و سماجی ذمہ داری کے اطلاق پر پختہ یقین رکھتی ہے۔ کمپنی عالمی معیار کے پیشہ ورانہ و حفاظتی اصولوں پر کاربند ہے کیونکہ ہم ملازمین کی فلاح کو بنیادی ذمہ داری سمجھتے ہیں۔ ہم ماہرڈاکٹروں کی زیر نگرانی اپنے پیداواری مراکز میں ڈیپنریوں کی سہولت فراہم کرتے ہیں۔ کمپنی فائر فائٹنگ آلات بھی رکھتی ہے اور ان کو بوقت ضرورت استعمال میں لاتی ہے اور اس بابت دیکھ بھال کے شوقیلیٹ کی بھی حامل ہے۔ کمپنی متعدد سماجی تعمیل کے پروگراموں کے تحت سند یافتہ بھی ہے تاکہ مزدوروں کی صحت اور حفاظت کو یقینی بنایا جاسکے اور کاربن کے اخراج کو کم کرنے کے ہدف کو بھی حاصل کیا جاسکے۔

مالیاتی رسک مینجمنٹ

کمپنی کی سرگرمیاں متعدد اقسام کے مالیاتی خطرات بشمول مارکیٹ رسک (کرنسی رسک، دیگر پرائس رسک اور انٹرسٹ ریٹ رسک)، کریڈٹ رسک اور لیکویڈٹی رسک کا سامنا کرتی ہیں۔ کمپنی کے مجموعی رسک مینجمنٹ پروگرام کی توجہ کاروبار مالیاتی مارکیٹوں کی غیر متوقع صورتحال اور مالیاتی کارکردگی پر ہونے والے ممکنہ مضراثرات کو کم کرنا ہے۔ کمپنی کا فنانس ڈیپارٹمنٹ بورڈ آف

متعلقہ فریقین کے ساتھ لین دین

متعلقہ فریقین کے ساتھ تمام تر لین کو عمومی کاروباری امور کے دوران آرمرلینکٹھ کی بنیاد پر داخل کیا گیا ہے اور اس بابت کمپنیز ایکٹ 2017ء کے متعلقہ قواعد کی تعمیل کی گئی ہے۔ مالیاتی سال 2025ء کے دوران جائزہ اور منظوری کے لئے تمام متعلقہ فریقین کے ساتھ لین دین کو آڈٹ کمیٹی اور بورڈ کے سامنے رکھا گیا۔ ان ٹرانزیکشنز کا آڈٹ کمیٹی نے جائزہ لیا اور بورڈ نے منظور کیا ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

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

نمبر شمار	کیٹگری	نام
1	خود مختار ڈائریکٹرز	جناب شاہد ارشد محترمہ منائل مشال آدم جی
2	نان ایگزیکٹو ڈائریکٹرز	جناب محمد انور (چیئرمین) جناب خرم مظہر کریم جناب عادل بشیر جناب محمد شفیق گل
3	ایگزیکٹو ڈائریکٹرز	جناب خالد بشیر (CEO) جناب آصف بشیر

بورڈ آف ڈائریکٹرز کے اجلاس

مالیاتی سال 2024-2025ء کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ BOD اجلاسوں میں ڈائریکٹرز کی حاضری حسب ذیل ہے:

نمبر شمار	نام ڈائریکٹر	اجلاس میں حاضری
1.	جناب محمد انور	04
2.	جناب خالد بشیر	04
3.	جناب آصف بشیر	04
4.	جناب عادل بشیر	04
5.	جناب خرم مظہر کریم	04
6.	جناب شاہد ارشد	04
7.	جناب محمد شفیق گل	04
8.	محترمہ منائل مشال آدم جی	03

البتہ، مصروفیت کی بنا پر بورڈ اجلاس میں شرکت سے محروم ڈائریکٹرز کو غیر حاضری کی رخصت عنایت کی گئی۔

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز نے معاوضے کے تعین کے لئے ایک ہدایت نامہ وضع کیا ہے۔ اس کی نمایاں خصوصیات حسب ذیل ہیں:

- کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کی فیس کے علاوہ کوئی معاوضہ ادا نہیں کرے گا۔
- ڈائریکٹرز کے معاوضے اور بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے اجلاس میں شرکت کی فیس اور ڈائریکٹرز کے معاوضہ کا تعین بورڈ آف ڈائریکٹرز کریں گے۔
- بورڈ آف ڈائریکٹرز کی منظوری کے مطابق ڈائریکٹرز کو معاوضہ ادا کیا جائے گا۔ معاوضہ کا پیکیج بورڈ میں معقول امیدواروں اور ٹیلنٹ کو مانگ کرنے کے لئے وضع کیا گیا ہے۔
- ایک ڈائریکٹر کو بورڈ، اس کی کمیٹیوں اور کمپنی کے اجلاس عام میں شرکت پر صرف سفری، بورڈنگ، لا جنگ اور دیگر اخراجات کی ادائیگی کی جائے گی۔
- کوڈ آف کارپوریٹ گورننس ضوابط 2019 کے قاعدہ (3) 34 کے تحت مالیاتی سال 2025ء کے لئے کمپنی کے ایگزیکٹو ڈائریکٹرز کے معاوضہ کی تفصیلات رپورٹ ہذا کے ساتھ لف ہیں۔

بورڈ کی کمیٹیاں اور اجلاس

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

آڈٹ کمیٹی

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

1. جناب شاہد ارشد (چیئرمین) 04
2. جناب خرم مظہر کریم 04
3. جناب عادل بشیر 04

البتہ مصروفیت کی بنا پر اجلاس میں شرکت سے محروم اراکین کو غیر حاضری کی رخصت عنایت کی گئی۔

ہیومن ریسورس نامی نیشن اینڈ ریمونریشن کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ آف ڈائریکٹرز نے ہیومن ریسورس نامی نیشن اینڈ ریمونریشن کمیٹی تشکیل دی ہے اور مالیاتی سال 2024-2025ء کے دوران اس کا صرف ایک اجلاس منعقد ہوا۔ ہیومن ریسورس نامی نیشن اینڈ ریمونریشن کمیٹی کی ترکیب حسب ذیل ہے:

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

رسک کمیٹی

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

داخلی مالیاتی کنٹرول کی موزونیت

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

- آپریشنز کی مؤثر انجام دہی
- کمپنی اثاثہ جات کی حفاظت
- مربوط قوانین و ضوابط کی تعمیل
- باعتبار مالیاتی رپورٹنگ

شس ٹیکسٹائل ملز لمیٹڈ کا خود مختار داخلی آڈٹ فنکشن طاہر کنسلٹنگ کے حوالے کیا گیا ہے جو کام کے معیاری طریقہ ہائے کار کے اطلاق کی باقاعدگی سے نگرانی کرتا ہے۔ انٹرنل آڈٹ رپورٹس منظور شدہ داخلی آڈٹ منصوبہ کے مطابق سہ ماہی بنیادوں پر آڈٹ کمیٹی کو پیش کی جاتی ہیں۔ اسی طرح سے آڈٹ کمیٹی اپنے اجلاس میں انٹرنل کنٹرول فریم ورک اور مالیاتی اسسٹمنٹس کے مؤثر عمل کا جائزہ لیتی ہے۔

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ

بورڈ کے بصیرت عمل اور اس کی تاثیر کا جائزہ ایک جاری عمل ہے جسے بورڈ خود اپناتا ہے۔ توجہ کا مرکز امور حسب ذیل ہیں:

- کمپنی کے ویژن اور مشن کے ساتھ کاروباری اہداف اور مقاصد کی ہم آہنگی
- پائیدار آپریشنز کے لئے حکمت عملی کی تشکیل اور منصوبہ بندی
- بورڈ کی خود مختاری اور تاثیر

انفرادی رائے لی گئی اور اس رائے کی بنیاد پر بورڈ کی کارکردگی کی اوسط شرح اور بورڈ کی گورننگ کی بابت چیئر مین کا کردار معیار کے عین مطابق پایا گیا۔

کاروباری مالیاتی رپورٹنگ فریم ورک پر بیان

- کمپنی انتظامیہ کی تیار کردہ مالیاتی اسسٹمنٹس اس کے کاروباری امور، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی بھرپور عکاسی کرتی ہیں۔
- کھاتوں کی باقاعدہ کتابیں تیار کی گئی ہیں۔
- مالیاتی اسسٹمنٹس کی تیاری میں معقول اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات معقول اور قابل فیصلوں کی بنیاد پر لگائے گئے ہیں۔
- پاکستان میں رائج بین الاقوامی مالیاتی رپورٹنگ اصول (IFRSs) اور اسلامی مالیاتی اکاؤنٹنگ اصول (IFASs) کو مالیاتی اسسٹمنٹس کی تیاری میں مد نظر رکھا گیا ہے اور اس میں موجود سقم کو واضح طور پر ظاہر کیا گیا۔
- کمپنی کاروبار جاری رکھنے کی بھرپور صلاحیت رکھتی ہے۔
- کاروباری نظم و ضبط کی بہترین عمل داری میں کوئی ٹھوس ابہام موجود نہ ہے۔
- واجب الادائیکس اور لیوی کی تفصیل مالیاتی اسسٹمنٹس کے نوٹس میں درج ہیں۔

h. بورڈ کے زیادہ تر اراکین مقررہ قابلیت کے حامل ہیں اور ڈائریکٹرز کے ٹریننگ پروگرام سے استفادے کے لئے درکار تجربہ بھی رکھتے ہیں۔ ڈائریکٹرز کا رو باری ادارے کے ڈائریکٹرز کی حیثیت سے اپنے فرائض و ذمہ داریوں سے بخوبی آگاہ ہیں۔

مستقبل کا منظر نامہ

درپیش کنی چیلنجز کے باوجود، آپ کی کمپنی عہدگی حاصل کرنے اور اسٹیک ہولڈرز کو فائدہ پہنچانے کے غیر متزلزل جذبہ سے سرشار ہے۔ یہ جذبہ ہمیں اپنے طویل مدتی اہداف حاصل کرنے میں رہنمائی کرتا ہے۔ بلند شرح سود اور کیش فلو میں ممکنہ کمی کے اثرات کو مد نظر رکھتے ہوئے ہم اضافی سرمایہ کے لئے فعال انداز میں تگ و دو کر رہے ہیں۔ پروڈکٹ کے معیار کو بڑھانے کے لئے ہمارا عزم شفاف اور واضح ہے۔ ہم اپنے مراکز اور آلات کی تجدید پر سرمایہ بھی صرف کر رہے ہیں۔ یہ سرمایہ کاری بہتر کارکردگی اور پروڈکٹ کو مستقل معیار کی جانب لے جائے گی جس سے ہمارے صارفین کی تعداد میں اضافہ ہوگا۔ ہم اپنے پلانرز کی تعداد میں بھی اضافہ کر رہے ہیں اور کپاس حاصل کرنے کے لئے بین الاقوامی منڈیاں تلاش کر رہے ہیں کیونکہ قیمتوں میں اتار چڑھاؤ اور ملکی کپاس کا ناقص معیار ہمیں مقابلہ کی دوڑ سے باہر کر دیتا ہے۔ ان چیلنجز سے نمونہ آزا ہونے اور لاگت کو بہتر کرنے کے لئے ہم حصول کی حکمت عملی میں تنوع لا رہے ہیں تاکہ اہم خام مال کے لئے ملکی منڈیوں پر انحصار کو کم کیا جاسکے۔ یہ اسٹریٹجک اقدام لاگت میں بہتری لانے اور مسابقتی سپلائی چین کو مزید مضبوط کرنے میں کارآمد ثابت ہوگا۔ ہم نے کئی ریٹائیکل شدہ اور سنٹھیک فائبر کے استعمال سے مصدقہ یارن کی تیاری کو ترجیح دی ہے۔ یہ طریق عمل ہماری پروڈکٹس کی قدر میں اضافہ کرتا ہے۔ مسابقتی منڈی میں بھی ہم انتہائی دلچسپی سے کام کر رہے ہیں تاکہ اپنے پروڈکٹس کی تعداد کو وسیع، اپنی مارکیٹ پوزیشن کو مضبوط اور اپنے منافع کو بہتر کیا جاسکے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز سال بھر میں کمپنی کے تمام اسٹیک ہولڈرز بشمول صارفین، شیئرز، ہولڈرز، وینڈرز، سرکاری اداروں، بینکوں اور تمام دیگر کاروباری ایسوسی ایشن کی غیر متزلزل حمایت کے لئے شکر گزار ہیں۔ بورڈ انتہائی پرجوش ٹیم کے کردار کو بھی سراہتی ہے جنہوں نے پرجوش انداز میں کمپنی میں خدمات سرانجام دیں اور امید کرتے ہیں کہ مستقبل میں بھی جوش و جذبہ برقرار رہے گا۔

منجانب برائے بورڈ آف ڈائریکٹرز

آصف بشیر

ڈائریکٹر

خالد بشیر

چیف ایگزیکٹو آفیسر

تاریخ: 29 ستمبر، 2025ء

لاہور

FINANCIAL SUMMARY

For the year ended June 30, 2025

rupees in '000's	2025	2024	2023	2022	2021	2020
Net Sales	4,104,812	6,916,185	3,309,014	8,674,940	7,122,421	4,175,298
Cost of sales	4,012,833	6,645,451	3,363,623	8,035,081	6,393,472	4,080,438
Gross Profit/(Loss)	91,979	270,730	(54,609)	639,859	728,949	94,860
Distribution cost	25,623	60,871	36,846	69,108	65,917	40,769
Administrative expenses	121,152	123,368	116,296	94,130	81,593	77,837
Other expenses	791	33,049	3,928	31,865	63,489	18,335
	147,566	217,288	157,070	195,103	210,999	136,941
	(55,587)	53,446	(211,679)	444,756	517,950	(42,081)
Other income	63,766	89,787	114,621	17,463	18,843	5,770
Operating Profit/(Loss)	8,179	143,233	(97,058)	462,219	536,793	(36,311)
Finance cost	105,650	(90,503)	(10,658)	96,538	70,327	57,558
Profit/(Loss) before taxation	(97,471)	52,730	(107,716)	365,681	466,466	(93,869)
Taxation	39,723	(86,625)	(45,576)	145,529	104,967	46,337
(Loss) / Profit after taxation	(137,194)	(33,895)	(153,292)	220,152	361,499	(140,206)
Performance Ratio						
Gross (Loss)/Profit Margin (%)	2.24	3.91	(1.65)	7.38	10.23	2.27
Fixed Assets Turnover	4.64	9.31	4.60	11.74	8.83	5.11
Return on capital employed (%)	(17.59)	(3.64)	(16.24)	19.93	40.36	(25.60)
Return on equity (%)	(17.92)	(3.73)	(16.12)	20.04	40.39	(26.60)
Operating Profit/(Loss) Margin (%)	(1.35)	0.77	(6.40)	5.13	7.27	(1.01)
Net (Loss)/Profit Margin (%)	(3.34)	(0.49)	(4.63)	2.54	5.08	(3.36)
(Loss)/Earning per share (Rupees)	(15.88)	(3.92)	(17.74)	25.48	41.84	(16.23)
Working Capital Ratios						
Debtors Turn Over Ratio	9.09	10.50	4.60	10.59	17.17	26.23
Debtors in no of Days	40.14	34.77	79.40	34.47	21.26	13.91
Stock Turn Over Ratio	6.22	12.39	5.34	10.44	8.29	7.80
Stock in no of Days	58.71	29.46	68.40	34.97	44.04	46.80
Liquidity Ratio						
Current Ratio	0.87	1.05	1.11	1.24	1.06	0.76
Quick Ratio	0.30	0.72	0.64	0.71	0.47	0.15
Interest Cover Ratio	(1.08)	(1.72)	0.10	0.26	0.15	(0.61)
Financial Performance Ratio						
Gearing Ratio	13:87	0:00:00	0:00:00	0:00:00	0:00:00	02:98
Break-up value per share (Rupees)	90.26	107.79	109.22	127.83	103.66	61.76
Dividend per share	-	-	-	-	2.00	-
Price to Book Value	0.42	0.30	0.42	0.52	0.60	0.41
Total Assets	2,606,094	2,547,470	2,458,085	2,455,457	2,573,292	1,698,183
Current Assets	1,473,075	1,689,548	1,685,571	1,675,484	1,766,313	870,108
Current Liabilities	1,702,143	1,616,152	1,514,384	1,351,022	1,674,050	1,150,531
Operating Fixed Assets	1,049,957	765,738	719,628	719,645	758,780	780,355
Long Term Debts	124,092	-	-	-	-	14,036
Share holders' Equity	779,859	931,318	943,701	1,104,435	895,594	533,616

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the shareholders of Shams Textile Mills Limited will be held on October 27, 2025 at 11:30 a.m. at Registered office of the Company i.e. Tricon Corporate Center, 8th Floor, 73-E, Main Jail Road, Gulberg II, Lahore to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditor's reports thereon for the year ended June 30, 2025

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



<https://shams.com.pk/financial-report/>

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

Lahore
6 October, 2025

By Order of the Board
Company Secretary

BOOK CLOSURE:

The Members' Register will remain closed from October 21, 2025 to October 27, 2025 (both day inclusive)

NOTES:

1. Shareholders interested to participate in the meeting through video link are requested to email their Name, Folio Number, Cell Number and Number of Shares held in their name along with valid copy of both sides of Computerized National Identify Card (CNIC) at tariq.javed@shams.com.pk by 25 October 2025. The video link and login credentials will be shared with only those members/designated proxies whose emails, containing all the required particulars.
2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time of holding the meeting. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form. A proxy must be a member of the Company. The proxy form is annexed to the notice sent to the members. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature of the nominee shall be submitted along with copy of CNIC of the representative.

CNIC/IBAN for E-Dividend Payment

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account 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.

Video Conference Facility

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

Replacement of physical shares with book-entry

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

Unclaimed Dividend / Shares:

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

Placement of Financial Statements

The Company has placed a copy of the Notice of AGM, Annual Separate and Consolidated Financial Statements for the year ended 30 June 2025 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company: www.shams.com.pk

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

نوٹس برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ شمس ٹیکسٹائل ملز لمیٹڈ کے اراکین کا سالانہ اجلاس مؤرخہ 27 اکتوبر 2025ء کو دن 11:30 بجے کمپنی کے رجسٹرڈ آفس واقع ٹرانسکون کارپوریٹ سنٹر، 8 ویں منزل، E-73، مین جیل روڈ، گلبرگ-II، لاہور میں مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا:

عمومی امور:

- 30 جون 2025ء کو اختتام پذیر سال کے لئے کمپنی کے پڑتال شدہ کھاتوں بمعہ ڈائریکٹرز اور آڈیٹرز کی رپورٹ کو وصول کرنا، زیر غور لانا اور اپنانا:
- کمپنیز ایکٹ 2017ء کے سیکشن 223 اور SRO نمبر 389(I)/2023 مؤرخہ 21 مارچ 2023ء کے تحت سالانہ رپورٹ بشمول اجلاس نوٹس اور کمپنی کی مالیاتی اسٹیٹمنٹس شیئر ہولڈرز کو بھیج دی گئی ہیں اور انہیں کمپنی کی ویب سائٹ پر شائع کر دیا گیا ہے جسے QR کوڈ یا لنک کے ذریعے دیکھا جاسکتا ہے:

لنک: <https://shams.com.pk/financial-report/>

- کمپنی کے آڈیٹرز کی تقرری کرنا اور ان کا معاوضہ طے کرنا۔
- چیئرمین کی اجازت سے دیگر امور کو بروئے کار لانا۔

بحکم بورڈ
کمپنی سیکریٹری

لاہور: 106 اکتوبر، 2025ء

کتاب کی بندش

اراکین کا رجسٹرڈ مؤرخہ 21 اکتوبر 2025ء تا 27 اکتوبر 2025ء (بشمول دونوں ایام) بند رہے گا۔
مندرجات:

- بذریعہ ویڈیو لنک اجلاس میں شرکت کرنے کے خواہشمند اراکین سے التماس ہے کہ وہ اپنے نام، فوٹو نمبر، موبائل نمبر اور ملکیتی حصص کی تعداد اور شناختی کارڈ (CNIC) کی دونوں اطراف کی کارآمد نقول tariq.javed@shams.com.pk پر 25 اکتوبر 2025ء تک ارسال کریں۔ ویڈیو لنک اور لاگ ان کی تفصیلات صرف ان اراکین/مقررہ پراکسیز کے ساتھ شیئر کی جائیں گی جن کی ای میلز بشمول تمام درکار تفصیلات موجود ہوں۔
- اجلاس میں شرکت اور ووٹ کرنے کا اہل رکن کسی دوسرے شخص کو اپنی جگہ ووٹ اور شرکت کرنے کے لئے اپنا پراکسی مقرر کر سکتا ہے۔ مؤثر کرنے کی غرض سے، باقاعدہ مکمل اور دستخط شدہ پراکسی فارم کمپنی کے رجسٹرڈ آفس میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل پہنچ جانے چاہئیں۔ پراکسی فارم پر دو افراد گواہی دیں گے جن کے نام، پتے اور شناختی کارڈ نمبر فارم پر درج ہوں گے۔ پراکسی کے لئے کمپنی کا رکن ہونا لازمی ہے۔ اراکین کو بھیجے گئے نوٹس کے ساتھ پراکسی فارم لف ہے۔ کاروباری ادارہ کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ نامزد شخص کے نمونہ کے دستخط اور نمائندے کے شناختی کارڈ کی نقل جمع کرائی جائے۔

E-منافع منقسمہ کی ادائیگی کے لئے شناختی کارڈ/IBAN

کمپنیز ایکٹ 2017ء کے سیکشن 242 کے قواعد کے مطابق لسٹڈ کمپنیوں کے لئے لازمی ہے کہ واجب الادا نقد منافع صرف برقی ذرائع سے اہل شیئر ہولڈرز کے مقررہ بینک اکاؤنٹ میں براہ راست ادا کیا جائے گا۔ اسی طرح سے فزیکل شیئرز رکھنے والے شیئر ہولڈرز سے التماس ہے کہ وہ کمپنی کے شیئر رجسٹر کے مذکورہ بالا پتے پر سالانہ رپورٹ میں اور کمپنی کی ویب سائٹ پر دستیاب E-منافع منقسمہ فارم پر الیکٹرونک ڈیویڈنڈ مینڈیٹ فراہم کریں۔ CDC کی صورت میں ملکیتی حصص کی صورت میں یہ معلومات تجدید اور کمپنی کو پیش کرنے کے لئے CDS شرکاء کو بھیجی جائیں گی۔ عدم فراہمی کی صورت میں منافع منقسمہ کی آئندہ ادائیگی کو روکا جاسکتا ہے۔

ویڈیو کانفرنس کی سہولت

کمپنیز ایکٹ 2017ء کے قواعد کی پیروی میں کل ادا شدہ سرمایہ حصص کی کم از کم 10% کے مالک دوسرے شہر میں مقیم شیئر ہولڈرز AGM میں شرکت کے لئے ویڈیو لنک کی سہولت حاصل کرنے کے لئے کمپنی کو درخواست دے سکتے ہیں۔ ویڈیو لنک سہولت کی درخواست شیئر رجسٹر کے دیئے گئے پتے پر اجلاس کے انعقاد سے کم از کم سات (07) یوم قبل سالانہ رپورٹ اور کمپنی کی ویب سائٹ پر دستیاب معیاری فارم پر وصول ہو جانی چاہئیں۔

فزیکل شیئرز کی بک انٹری فارم میں تبدیلی

کمپنیز ایکٹ 2017ء کے سیکشن 72 کے تحت ہر موجودہ لسٹڈ کمپنی کے لئے اپنے فزیکل شیئرز کو Book انٹری فارم میں مقررہ انداز میں اور کمپنیز ایکٹ 2017ء کی تاریخ اطلاق یعنی 31 مئی 2017ء سے عرصہ چار سال کے اندر SECP کی مقررہ تاریخ کے اندر تبدیل کرنا لازمی ہے۔ فزیکل شیئر رکھنے والے شیئر ہولڈرز کسی بروکرز یا انویسٹر اکاؤنٹ کے ساتھ انٹری فارم میں تبدیل کریں۔ اس بابت شیئر ہولڈرز کسی بروکرز یا انویسٹر اکاؤنٹ کے ساتھ براہ راست CDC ذیلی اکاؤنٹ کھول سکتے ہیں تاکہ وہ اپنے فزیکل شیئرز غیر کاغذی صورت میں رکھ سکیں۔ اس طرح انہیں کئی سہولیات میسر آئیں گی جس میں محفوظ قبضہ اور کسی بھی وقت حصص کی فروخت شامل ہے کیونکہ فزیکل شیئرز کی تجارت پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ ضوابط کے مطابق ممنوع ہے۔

لا دعویٰ منافع منقسمہ/حصص

شیئر ہولڈرز جو کسی وجہ سے اپنے منافع منقسمہ/بونس حصص کا دعویٰ نہ کر سکے یا وہ اپنے فزیکل شیئرز حاصل نہ کر پائے، اگر کوئی ہوں، کو تجویز کیا جاتا ہے کہ وہ اپنے لا دعویٰ منافع منقسمہ/حصص، اگر کوئی ہوں، حاصل کرنے/کی معلومات حاصل کرنے کے لئے ہمارے شیئر رجسٹرار میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، E-503، جوہر ٹاؤن لاہور میں رابطہ کریں۔

مالیاتی اسٹیٹمنٹس کی اشاعت

کمپنی نے نوٹس AGM کی نقل، جداگانہ اور مجموعی سالانہ مالیاتی اسٹیٹمنٹس بابت سال مختتمہ 30 جون 2025ء بمعہ آڈیٹرز اور ڈائریکٹرز رپورٹ اور چیئرمین کی جائزہ رپورٹ کمپنی کی ویب سائٹ www.shams.com.pk پر شائع کر دی ہے۔

شیئر ہولڈرز سے یہ بھی التماس ہے کہ وہ اپنے ای میل ایڈریس میں تبدیلی سے متعلق کمپنی کے شیئر رجسٹرار میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، E-503، جوہر ٹاؤن لاہور فون نمبر 042-35170335-37 کو فی الفور اطلاع کریں۔

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

Following is gender pay gap calculated for the year ended 30 June 2025

(i)	Mean Gender pay gap:	14%
(ii)	Median Gender Pay gap:	-18%
(iii)	Any other data/ details as deemed relevant.	-

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



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

Date: 29 September 2025

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF SHAMS TEXTILE MILLS LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Shams Textile Mills Limited (the Company) for the year ended 30 June 2025 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2025.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 30 September 2025

UDIN: CR202510168R5KGJ8BWz

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 2025, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2025 and of the loss, other comprehensive loss, 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 data-bbox="248 1507 699 1539">Inventory existence and valuation</p> <p data-bbox="248 1577 813 1703">Inventory as at 30 June 2025 amounted to Rupees 957.760 million and represented a material position in the statement of financial position, break up of which is as follows:</p> <ul data-bbox="248 1734 813 1892" style="list-style-type: none"> - Stores and spare parts amounting to Rupees 110.042 million - Stock-in-trade amounting to Rupees 847.718 million 	<p data-bbox="870 1577 1430 1640">Our procedures over existence and valuation of inventory included, but were not limited to:</p> <ul data-bbox="870 1671 1430 1923" style="list-style-type: none"> ● 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;

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>Inventory is measured at the lower of cost and net realizable value.</p> <p>We identified existence and valuation of inventory as a key audit matter due to its size, representing 36.75% of the total assets of the Company as at 30 June 2025, and the judgment involved in valuation.</p> <p>For further information on inventory, refer to the following:</p> <ul style="list-style-type: none"> - Material accounting policy information, Inventories note 2.8 to the financial statements. - Stores and spare parts note 18 and stock-in-trade note 19 to the financial statements. 	<ul style="list-style-type: none"> ● For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets; ● We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded transaction; ● On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any; ● In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs; ● We also made inquiries of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
2.	<p>Revenue recognition</p> <p>The Company recognized net revenue of Rupees 4,104.812 million for the year ended 30 June 2025.</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"> - Material accounting policy information, Revenue recognition note 2.18 to the financial statements. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> ● We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; ● We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; ● We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period;

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<ul style="list-style-type: none"> - Revenue from contracts with customers note 24 to the financial statements. 	<ul style="list-style-type: none"> ● We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; ● We also considered the appropriateness of disclosures in the financial statements.

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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



RIAZ AHMAD & COMPANY

Chartered Accountants

Lahore

Date: 30 September 2025

UDIN: AR2025101682X6aroC8D

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2025

	Note	2025 (Rupees in thousand)	2024
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
25,000,000 (2024: 25,000,000) ordinary shares of Rupees 10 each		250,000	250,000
Issued, subscribed and paid-up share capital	4	86,400	86,400
Reserves	5	693,459	844,918
Total equity		779,859	931,318
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing - secured	6	124,092	-
Gas Infrastructure Development Cess (GIDC) payable	7	-	-
CURRENT LIABILITIES			
Trade and other payables	8	902,055	1,147,211
Accrued mark-up	9	16,905	18,478
Short term borrowings	10	733,547	405,206
Current portion of non - current liabilities	11	45,014	31,226
Unclaimed dividend		4,622	4,622
Taxation and levy payable - net	12	-	9,409
		1,702,143	1,616,152
Total liabilities		1,826,235	1,616,152
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		2,606,094	2,547,470

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



Chief Executive



Director



Chief Financial Officer

	Note	2025 (Rupees in thousand)	2024
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	1,049,957	765,738
Long term investments	15	52,397	66,662
Long term security deposits	16	30,665	25,522
Deferred income tax asset - net	17	-	-
		1,133,019	857,922
CURRENT ASSETS			
Stores and spare parts	18	110,042	86,310
Stock-in-trade	19	847,718	443,121
Trade debts	20	121,110	781,629
Advances	21	4,249	12,232
Other receivables	22	11,918	13,021
Taxation and levy - net	12	18,552	-
Sales tax refundable		331,030	294,222
Cash and bank balances	23	28,456	59,013
		1,473,075	1,689,548
TOTAL ASSETS		2,606,094	2,547,470



Chief Executive



Director



Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 (Rupees in thousand)	2024
REVENUE FROM CONTRACTS WITH CUSTOMERS	24	4,104,812	6,916,185
COST OF SALES	25	(4,012,833)	(6,645,451)
GROSS PROFIT		91,979	270,734
DISTRIBUTION COST	26	(25,623)	(60,871)
ADMINISTRATIVE EXPENSES	27	(121,152)	(123,368)
OTHER EXPENSES	28	(791)	(33,049)
		(147,566)	(217,288)
		(55,587)	53,446
OTHER INCOME	29	63,766	89,787
PROFIT FROM OPERATIONS		8,179	143,233
FINANCE COST	30	(105,650)	(90,503)
(LOSS) / PROFIT BEFORE LEVY AND TAXATION		(97,471)	52,730
LEVY	31	(44,662)	(81,686)
LOSS BEFORE TAXATION		(142,133)	(28,956)
TAXATION	32	4,939	(4,939)
LOSS AFTER TAXATION		(137,194)	(33,895)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	33	(15.88)	(3.92)

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, 2025

	2025 (Rupees in thousand)	2024
(LOSS) AFTER TAXATION	(137,194)	(33,895)
OTHER COMPREHENSIVE (LOSS) / INCOME		
Items that will not be reclassified to profit or loss:		
Fair value adjustment arising on remeasurement of investments at fair value through other comprehensive income	(14,265)	21,512
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive (loss) / income for the year - net of tax	(14,265)	21,512
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(151,459)	(12,383)

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



Chief Executive



Director



Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2025

	RESERVES						TOTAL EQUITY		
	CAPITAL			REVENUE					
	SHARE CAPITAL	Premium on issue of right shares	Fair value reserve FVTOCI investments	Sub Total	General reserve	Un-appropriated profit / (Accumulated loss)		Sub total	
		(Rupees in thousands)							
Balance as at 30 June 2023	86,400	86,400	25,911	112,311	600,000	144,990	744,990	857,301	943,701
Loss for the year	-	-	-	-	-	(33,895)	(33,895)	(33,895)	(33,895)
Other comprehensive income for the year	-	-	21,512	21,512	-	-	-	21,512	21,512
Total comprehensive loss for the year	-	-	21,512	21,512	-	(33,895)	(33,895)	(12,383)	(12,383)
Balance as at 30 June 2024	86,400	86,400	47,423	133,823	600,000	111,095	711,095	844,918	931,318
Loss for the year	-	-	-	-	-	(137,194)	(137,194)	(137,194)	(137,194)
Other comprehensive loss for the year	-	-	(14,265)	(14,265)	-	-	-	(14,265)	(14,265)
Total comprehensive loss for the year	-	-	(14,265)	(14,265)	-	(137,194)	(137,194)	(151,459)	(151,459)
Balance as at 30 June 2025	86,400	86,400	33,158	119,558	600,000	(26,099)	573,901	693,459	779,859

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



Chief Executive



Director



Chief Financial Officer

STATEMENT OF CASH FLOWS

For The Year Ended JUNE 30, 2025

	Note	2025 (Rupees in thousand)	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	29,492	2,131
Finance cost paid		(107,223)	(76,955)
Income tax and levy paid		(67,684)	(78,572)
Workers' profit participation fund paid	8.4	(2,863)	(114)
Long term security deposits made		(5,143)	(17,786)
Net cash used in operating activities		(153,421)	(171,296)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(357,325)	(116,255)
Proceeds from sale of property, plant and equipment	14.1.1	4,585	17,213
Return on bank deposits received		8,483	5,807
Dividends received		900	900
Net cash used in investing activities		(343,357)	(92,335)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained	34.2	137,880	-
Short term borrowings - obtained	34.2	1,281,920	2,248,750
Short term borrowings - repaid	34.2	(953,579)	(1,951,842)
Net cash from financing activities		466,221	296,908
Net (decrease) / increase in cash and cash equivalents		(30,557)	33,277
Cash and cash equivalents at the beginning of the year	23	59,013	25,736
Cash and cash equivalents at the end of the year	23	28,456	59,013

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, 2025

1. THE COMPANY AND ITS OPERATIONS

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

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

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

1.3 One of the three manufacturing units of the Company remained temporarily closed during the year in view of low demand and prices of yarn and the Company was unable to fully utilize the plant capacity resulting in losses. The management has carried out a going concern assessment of the Company and believes that the going concern assumption used for the preparation of these financial statements is appropriate and no material uncertainty exists. The assessment is based on: the Company has embarked upon various capital expenditure projects including solar power generation that shall result in savings in costs and ultimate profitability; in addition to available borrowing limits from financial institutions for operations of the Company, subsequent to the reporting period, a financial institution has approved fresh credit facilities (funded and non-funded) of Rupees 700 million; chief executive of the Company, his spouse and his son (executive director) are committed to support the Company to continue as a going concern; and firm commitment to ramp-up production in view of favorable prices. As at the reporting date, the balance due to chief executive of the Company, his spouse and his son (executive director) is interest free and they have provided support to the Company. Accordingly, no material uncertainties leading to a significant doubt about going concern have been identified.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

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

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

b) Accounting convention

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

c) Critical accounting estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Inventories

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

Income tax and levy

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

Allowance for expected credit losses

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

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Provisions

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

Contingencies

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

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

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2024:

- Amendments to IAS 1 'Presentation of Financial Statements' Classification of liabilities as current or non-current;
- Amendments to IAS 1 'Presentation of Financial Statements' Non-current liabilities with covenants;
- Amendments to IFRS 16 'Leases' Lease liability in a sale and leaseback transaction; and
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' Supplier finance arrangements.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

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

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2024 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2025 or later periods:

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

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

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

IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'. IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 'Climate-related Disclosures'. IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

The implementation of IFRS S1 and IFRS S2 will be phased as per the SECP's order dated 31 December 2024, with different effective dates based on annual turnover, number of employees, and total assets (Criteria). Phase I will apply to listed companies having specific Criteria for annual reporting periods beginning on or after 1 July 2025. Phase II will apply to other listed companies having specific Criteria for annual reporting periods beginning on or after 1 July 2026. Phase III will cover non-listed public interest companies and remaining listed companies for annual reporting periods beginning on or after 1 July 2027.

Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' regarding the classification and measurement of financial instruments (effective for annual periods beginning on or after 01 January 2026). The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9.

The International Accounting Standards Board (IASB) has published 'Annual Improvements to IFRS Accounting Standards Volume 11'. The amendments are effective for annual reporting periods beginning on or after 01 January 2026. It contains amendments to following five standards as result of the IASB's annual improvements project.

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash flows.

The above standards, 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 2025 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, 2025

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 / depreciable amount of the assets over their estimated useful life at the rates given in note 14.1 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 Impairment of non-financial assets

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

2.4 Investments and other financial assets

a) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

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

b) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other 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). Fair value is determined using valuation techniques that incorporate significant inputs not based on observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

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

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

2.5 Financial liabilities classification and measurement

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

2.6 Impairment of financial assets

The Company recognizes loss allowances for ECLs on:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

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

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

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

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

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company shall derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2.8 Inventories

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

Stores and spare parts

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

Stock-in-trade

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

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

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

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

2.9 Trade debts and other receivables

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

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

2.10 Taxation**Current**

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. Except for the tax (final tax) deducted by subsidiaries, associates or joint arrangements on distribution of dividend to the Company, final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in statement of profit or loss. Tax (final tax) deducted by subsidiaries, associates or joint arrangements on distribution of dividend to the Company is charged as current tax in the statement of profit or loss. The charge for current tax and levy also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years.

Deferred

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

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

2.11 Cash and cash equivalents

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

2.12 Borrowing costs

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

2.13 Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

cost and subsequently measured at amortized cost using the effective interest method.

2.14 Provisions

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

2.15 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.

2.16 Employee benefits**Defined contribution plan**

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

Compensated absences

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

2.17 Borrowings

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

2.18 Revenue recognition**i. Sale of goods**

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

ii. Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

iii. Dividend

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

iv. Rent

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

2.19 Contract liabilities

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

2.20 Government grants

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

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

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

2.21 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2.22 Contingent liabilities

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

2.23 Dividend and other appropriations

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

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

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

3.2 Refund liabilities

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

3.3 Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

3.4 Customer acquisition costs

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

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

3.5 Share capital

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

3.6 Customer fulfilment costs

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

3.7 Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

3.8 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

3.9 Derivative financial instruments

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

3.10 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.11 Right-of-use assets

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

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

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

3.12 Lease liabilities

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

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

4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2025 (Number of shares)	2024		2025 (Rupees in thousand)	2024
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
			2025 (Rupees in thousand)	2024
4.1	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
			2,931,265	2,931,265

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 (Rupees in thousand)	2024
5. RESERVES		
Composition of reserves is as follows:		
Capital		
Premium on issue of right shares (Note 5.1)	86,400	86,400
Fair value reserve FVTOCI investments (Note 5.2)	33,158	47,423
	119,558	133,823
Revenue		
General reserve	600,000	600,000
Un-appropriated profit / (Accumulated loss)	(26,099)	111,095
	573,901	711,095
	693,459	844,918

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

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

	2025 (Rupees in thousand)	2024
Balance as on 01 July	47,423	25,911
Fair value adjustment during the year	(14,265)	21,512
Balance as on 30 June	33,158	47,423

6 LONG TERM FINANCING - SECURED**From banking company**

Long term loan (Note 6.1)	137,880	-
Less: Current portion shown under current liabilities (Note 11)	(13,788)	-
	124,092	-

6.1 This represents demand finance facility of Rupees 200 million for a period of six years including grace period of one year. This is repayable in 20 equal quarterly installments commencing from 26 February 2026 and ending on 26 November 2030. The facility is secured against first exclusive charge of Rupees 281 million on entire fixed assets of Unit-II and Unit-III of the Company. It carries mark up at the rate of three months KIBOR + 1.25%. The rate of mark-up ranged from 12.39% to 13.41% per annum during the year.

	2025 (Rupees in thousand)	2024
7. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE		
Gas Infrastructure Development Cess payable at amortized cost	31,226	31,226
Less: Payments made during the year	-	-
Balance as on 30 June	31,226	31,226
Current portion shown under current liabilities (Note 11)	(31,226)	(31,226)
	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 (Rupees in thousand)	2024
8. TRADE AND OTHER PAYABLES		
Creditors (Note 8.1)	338,454	474,967
Accrued liabilities	233,394	316,390
Infrastructure cess payable (Note 8.2)	19,393	19,010
Contract liabilities - unsecured	176,561	177,223
Due to related parties (Note 8.3)	113,965	136,443
Income tax deducted at source	1,269	719
Payable to employees' provident fund trust	959	1,546
Workers' profit participation fund (Note 8.4)	-	2,863
Workers' welfare fund (Note 8.5)	18,060	18,060
	902,055	1,147,211

8.1 These include amounts due to following associated companies in the ordinary course of business:

Premier Insurance Limited	1,537	1,060
The Crescent Textile Mills Limited	-	70
Crescent Group (Private) Limited (Note 36.2.1)	-	70
Suraj Cotton Mills Limited	7,788	7,177
	9,325	8,377

8.2 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:

	2025 (Rupees in thousand)	2024
Balance as on 01 July	19,010	16,946
Add: Provision made during the year	383	2,064
Balance as on 30 June	19,393	19,010

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

	2025 (Rupees in thousand)	2024
8.4 Workers' profit participation fund		
Balance as on 01 July	2,863	114
Add: Provision for the year (Note 28)	-	2,834
Add: Interest for the year (Note 30)	-	29
Less: Payments during the year	(2,863)	(114)
Balance as on 30 June	-	2,863

8.4.1 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 (Rupees in thousand)	2024
8.5 Workers' welfare fund		
Balance as on 01 July	18,060	16,983
Add: Provision for the year (Note 28)	-	1,077
Balance as on 30 June	18,060	18,060
9. ACCRUED MARK-UP		
Long term financing	1,665	-
Short term borrowings	15,240	18,478
	16,905	18,478
10. SHORT TERM BORROWINGS		
From banking companies - secured		
Running finances (Note 10.1 and 10.2)	359,917	305,206
Cash finances (Note 10.1 and 10.3)	84,395	-
Import loan (Note 10.1 and Note 10.4)	189,235	-
	633,547	305,206
From associated company - unsecured		
Crescent Powertec Limited (Note 10.5)	100,000	100,000
	733,547	405,206
10.1 These finances are obtained from banking companies under markup 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 1,255 million (2024: Rupees 1,255 million). These form part of total credit facilities of Rupees 700 million (2024: Rupees 700 million).		
10.2 The rates of mark-up range from 12.83% to 23.52% (2024: 23.52% to 25.11%) per annum during the year on the balance outstanding.		
10.3 The rates of mark-up ranged from 13.38% to 22.04% (2024: 23.34% to 23.86%) per annum during the year on the balance outstanding.		
10.4 The rates of mark-up ranged from 12.58% to 13.66% (2024: Nil) per annum during the year on the balance outstanding.		
10.5 This represents unsecured loan from Crescent Powertec Limited (CPL) - associated company for working capital requirement. Total credit facility amounts to Rupees 100 million (2024: Rupees 100 million). This carries mark-up at the rate of 1 month KIBOR plus two percent per annum or average borrowing cost of CPL, whichever is higher. Effective rate of mark-up charged on this short term loan ranged from 13.33% to 22.83% (2024: 22.83% to 24.37%) per annum.		
	2025 (Rupees in thousand)	2024
11. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Current portion of long term financing (Note 6)	13,788	-
Current portion of GIDC (Note 7)	31,226	31,226
	45,014	31,226
12. TAXATION AND LEVY - NET		
Provision for taxation - net		
Provision for taxation	24,877	29,816
Less: Advance income tax	(94,862)	(101,958)
	(69,985)	(72,142)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 (Rupees in thousand)	2024
Levy payable - net		
Levy payable	51,568	81,686
Less: Prepaid levy	(135)	(135)
	51,433	81,551
	(18,552)	9,409

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

- i) Bank guarantees of Rupees 99.249 (2024: Rupees 76.249 million) million are given by the banks of the Company in favor of Sui Northern Gas Pipelines Limited against gas connections and Director Excise and Taxation, Karachi against infrastructure cess.
- ii) The Company is contesting Punjab sales tax demand of Rupees 10.547 million along with default surcharge before the Appellate Tribunal, Punjab Revenue Authority, Lahore and confident of favourable outcome of the matter. Hence, no provision thereagainst has been recognized in these financial statements.
- iii) The Company is contesting demands of sales tax along with default surcharge and penalty under the Sales Tax Act, 1990 by taxation authorities amounting to Rupees 25.373 million at various forums. These demands have been raised on account of various issues. No provision against the aforesaid demands has been made in these financial statements as the management is confident of favourable outcome of its appeals based on advice of the legal counsel.

b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 7.571 million (2024: Rupees Nil).
- ii) Letters of credit for other than capital expenditures amounted to Rupees 358.067 million (2024: Rupees 126.823 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2024 (Rupees in thousand)									
14. PROPERTY, PLANT AND EQUIPMENT									
Operating fixed assets (Note 14.1)									
Capital work-in-progress (Note 14.2)									
886,851729,263									
163,10636,475									
1,049,957765,738									
14.1 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 2023									
Cost	3,192	310,102	125,678	1,697,164	47,199	2,608	900	52,359	2,239,202
Accumulated depreciation	-	(152,435)	(50,794)	(1,269,200)	(38,204)	(2,349)	(751)	(23,566)	(1,537,299)
Net book value	3,192	157,667	74,884	427,964	8,995	259	149	28,793	701,903
Year ended 30 June 2024									
Opening net book value	3,192	157,667	74,884	427,964	8,995	259	149	28,793	701,903
Additions	-	-	-	82,015	-	-	-	15,490	97,505
Disposals:									
Cost	-	-	-	(13,951)	(70)	(493)	-	(5,653)	(20,167)
Accumulated depreciation	-	-	-	12,386	69	442	-	2,512	15,409
Depreciation charge	-	(7,883)	(3,744)	(1,565)	(1)	(51)	-	(3,141)	(4,758)
	-			(46,893)	(900)	(25)	(15)	(5,927)	(65,387)
Closing net book value	3,192	149,784	71,140	461,521	8,094	183	134	35,215	729,263
At 30 June 2024									
Cost	3,192	310,102	125,678	1,765,228	47,129	2,115	900	62,196	2,316,540
Accumulated depreciation	-	(160,318)	(54,538)	(1,303,707)	(39,035)	(1,932)	(766)	(26,981)	(1,587,277)
Net book value	3,192	149,784	71,140	461,521	8,094	183	134	35,215	729,263
Year ended 30 June 2025									
Opening net book value	3,192	149,784	71,140	461,521	8,094	183	134	35,215	729,263
Additions	-	68,205	25,371	132,174	-	-	-	4,944	230,694
Disposals:									
Cost	-	-	-	(20,091)	-	-	-	(1,413)	(21,504)
Accumulated depreciation	-	-	-	18,130	-	-	-	1,199	19,329
Depreciation charge	-	(7,773)	(4,149)	(1,961)	(809)	(18)	(14)	(214)	(2,175)
	-			(50,305)				(7,863)	(70,931)
Closing net book value	3,192	210,216	92,362	541,429	7,285	165	120	32,082	886,851
At 30 June 2025									
Cost	3,192	378,307	151,049	1,877,311	47,129	2,115	900	65,727	2,525,730
Accumulated depreciation	-	(168,091)	(58,687)	(1,335,882)	(39,844)	(1,950)	(780)	(33,645)	(1,638,879)
Net book value	3,192	210,216	92,362	541,429	7,285	165	120	32,082	886,851
Annual rate of depreciation (%)									
	-	5	5	10	10	10	10	20	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

14.1.1 Detail of operating fixed asset, 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)								
Vehicles								
Suzuki Swift LES-16-7634	1	1,413	1,199	214	1,585	1,371	Negotiation	Mr. Tanvir Shahzad, Faisalabad
Plant and machinery								
Lap Former Toyota SL-100	1	2,786	2,488	298	600	302	Negotiation	Eastern Spinning Mills Limited, Lahore.
Comber Toyota VC-5 R	1	17,305	15,642	1,663	2,400	737	Negotiation	Eastern Spinning Mills Limited, Lahore.
		20,091	18,130	1,961	3,000	1,039		
		21,504	19,329	2,175	4,585	2,410		

2025 2024
(Rupees in thousand)

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

Cost of sales (Note 25)	60,751	57,388
Administrative expenses (Note 27)	10,180	7,999
	70,931	65,387

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

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

2025 2024
(Rupees in thousand)

14.2 Capital work-in-progress

Residential and other buildings on freehold land (Note 14.2.1)	-	17,725
Plant and machinery (Note 14.2.1)	163,106	18,750
	163,106	36,475

12.2.1 Movement in capital work in progress

	Residential and other buildings on freehold land	Plant and machinery	Total
----- (Rupees in thousand) -----			
At 30 June 2023	17,725	-	17,725
Add: Additions during the year	-	18,750	18,750
At 30 June 2024	17,725	18,750	36,475
Add: Additions during the year	7,646	179,118	186,764
Less: Transferred to operating fixed assets during the year	(25,371)	(34,762)	(60,133)
At 30 June 2025	-	163,106	163,106

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

2025			2024		
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 15.2 and 15.4)

Nil (2024: 12,476) fully paid ordinary shares of Rupees 10 each. Equity held Nil (2024: 0.053%)

Premier Insurance Limited

739,069 (2024: 739,069) fully paid ordinary shares of Rupees 10 each. Equity held 1.46% (2024: 1.46%)

-	-	-	-	-	-
6,196	(1,237)	4,959	6,196	(1,835)	4,361
6,196	(1,237)	4,959	6,196	(1,835)	4,361

Quoted - OthersCrescent Jute Products Limited (Note 15.2 and Note 15.4)
12,476 (2024: Nil) fully paid ordinary shares of Rupees 10 each.Crescent Cotton Mills Limited
176,790 (2024: 176,790) fully paid ordinary shares of Rupees 10 each.Jubilee Spinning and Weaving Mills Limited
7,788 (2024: 7,788) fully paid ordinary shares of Rupees 10 each.Crescent Fibres Limited
31,920 (2024: 31,920) fully paid ordinary shares of Rupees 10 each.Samba Bank Limited
2,764,113 (2024: 2,764,113) fully paid ordinary shares of Rupees 10 each.EFU Life Assurance Limited
60,000 (2024: 60,000) fully paid ordinary shares of Rupees 10 each.

-	-	-	-	-	-
876	9,408	10,284	876	15,406	16,282
9	89	93	9	94	103
256	1,348	1,604	256	1,627	1,883
8,383	18,014	26,397	8,383	23,847	32,230
3,519	5,541	9,060	3,519	8,284	11,803
13,043	34,395	47,438	13,043	49,258	62,301

Unquoted - OthersCrescent Spinning Mills Limited (Note 15.3 and 15.4)
208,800 (2024: 208,800) fully paid ordinary shares of Rupees 10 each.Crescent Modaraba Management Company Limited (Note 15.4)
193,000 (2024: 193,000) fully paid ordinary shares of Rupees 10 each.

-	-	-	-	-	-
-	-	-	-	-	-
19,239	33,158	52,397	19,239	47,423	66,662

15.1 These companies are related parties due to common directorship.**15.2** Crescent Jute Products Limited (CJPL) has discontinued its business since long.**15.3** The official liquidator has submitted the statement in the Lahore High Court for final liquidation of Crescent Spinning Mills Limited and the final decision is still awaited.**15.4** Full amount of impairment has been provided against investment in Crescent Spinning Mills Limited, Crescent Modaraba Management Company Limited and Crescent Jute Products Limited.**16. LONG TERM SECURITY DEPOSITS**

These mainly includes interest free 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 (Rupees in thousand)	2024
17. DEFERRED INCOME TAX ASSET - NET		
The asset for deferred income tax originated due to temporary differences relating to:		
Deferred income tax assets		
Minimum tax carried forward	119,531	173,493
Workers' welfare fund	5,237	5,237
Allowance for expected credit losses	244	3,740
Carried forward tax losses	87,624	28,377
Provision for slow moving and obsolete stores and spare parts	1,493	6,206
	214,129	217,053
Deferred income tax liabilities		
Accelerated tax depreciation	(112,158)	(117,640)
Net deferred income tax asset	101,971	99,413
Deferred income tax asset not recognised in these financial statements	(101,971)	(99,413)
Deferred income tax asset recognised in these financial statements	-	-
17.1 The gross movement in net deferred income tax asset / (liability) recognised in these financial statements during the year is as follows:		
Opening balance	-	-
(Charged) / credited to other comprehensive income	-	-
(Credited) / charged to statement of profit or loss	-	-
Closing balance	-	-

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

	Accounting year to which the minimum tax carry forward relates	Amount	Accounting year in which minimum tax carry forward will expire
(Rupees in thousand)			
Minimum tax carried forward	2025	51,433	2028
	2024	27,416	2027
	2023	40,346	2026
	2022	336	2027
Available unused tax loss - unabsorbed tax depreciation	2025	123,138	Unlimited
Available unused tax loss - business loss	2025	56,512	2031
Available unused tax loss - unabsorbed tax depreciation	2023	32,138	Unlimited
Available unused tax loss - business loss	2023	90,362	2029

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 (Rupees in thousand)	2024
18. STORES AND SPARE PARTS		
Stores	6,599	16,374
Spare parts	108,592	91,336
	115,191	107,710
Less: Provision for slow moving and obsolete items (Note 18.1)	(5,149)	(21,400)
	110,042	86,310
18.1 Provision for slow moving and obsolete items		
Balance as on 01 July	21,400	31,176
Less: Reversal during the year (Note 29)	(16,251)	(9,776)
Balance as on 30 June	5,149	21,400
19. STOCK-IN-TRADE		
Raw materials (Note 19.1)	484,663	255,446
Work-in-process	70,249	61,963
Finished goods	286,008	116,298
Waste stock	6,798	9,414
	847,718	443,121
19.1 Raw materials include stock-in-transit of Rupees 72.274 million (2024: Rupees 23.187 million).		
19.2 Stock-in-trade of Rupees 296.569 million (2024: Rupees 81.126 million) is being valued at net realizable value.		
19.3 The aggregate amount of write-down of inventories to net realizable value recognized during the year was Rupees 46.648 million (2024: Rupees 8.068 million).		
	2025 (Rupees in thousand)	2024
20. TRADE DEBTS		
Considered good:		
Unsecured:		
- Others than related parties	121,952	794,526
	121,952	794,526
Less: Allowance for expected credit losses (Note 20.1)	(842)	(12,897)
	121,110	781,629
20.1 Allowance for expected credit losses		
Balance as on 1 July	12,897	6,147
Add: Recognized during the year (Note 28)	-	6,750
Less: Reversal during the year (Note 29)	(12,055)	-
Balance as on 30 June	842	12,897
20.2 Type of counterparties		
Corporate	119,536	784,359
Others	2,416	10,167
	121,952	794,526
21. ADVANCES		
Considered good:		
Advances to employees - interest free	531	138
Advances to suppliers	3,062	4,311
Letters of credit	656	7,783
	4,249	12,232

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 (Rupees in thousand)	2024
22. OTHER RECEIVABLES		
Considered good:		
Cotton claim receivable	1,089	118
Margin against bank guarantee	10,000	10,000
Other	829	2,903
	11,918	13,021
23. CASH AND BANK BALANCES		
Cash with banks:		
On deposit accounts (Note 23.1)	23,929	57,373
On current accounts	4,244	1,220
	28,173	58,593
Cash in hand	283	420
	28,456	59,013
23.1 Rate of profit on bank deposits ranges from 2.78% to 19.00% (2024: 19.50% to 20.50%) per annum.		
24. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Export sales	-	-
Local sales (Note 24.1 and 24.2)	4,104,812	6,916,185
	4,104,812	6,916,185
24.1 Local sales		
Sales	4,843,633	7,314,570
Less: Sales tax	(738,821)	(398,385)
	4,104,812	6,916,185
24.2 Local sales include waste sales of Rupees 117.505 million (2024: Rupees 175.467 million).		
24.3 The amount of Rupees 41.858 million included in contract liabilities (Note 8) on 30 June 2024 has been recognized as revenue in 2025 (2024: Rupees 14.424 million).		
24.4 Revenue is recognized at a point in time as per the terms and conditions of underlying contracts with customers. Sales of yarn represent 97% (2024: 97%) of the total sales of the Company. Remaining sales represent waste sales. 100% (2024: 100%) of the sales of the Company relate to customers in Pakistan.		
	2025 (Rupees in thousand)	2024
25. COST OF SALES		
Raw materials consumed (Note 25.1)	3,086,189	4,898,820
Salaries, wages and other benefits (Note 25.2)	217,859	268,063
Stores and spare parts consumed	95,078	124,899
Packing materials consumed	49,441	78,462
Repair and maintenance	11,534	17,961
Fuel and power (Note 25.3)	651,687	868,582
Insurance	6,989	5,653
Other factory overheads	8,685	10,524
Depreciation (Note 14.1.2)	60,751	57,388
	4,188,213	6,330,352

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 (Rupees in thousand)	2024
Work-in-process		
Opening stock	61,963	62,185
Less: Closing stock	(70,249)	(61,963)
	(8,286)	222
Cost of goods manufactured	4,179,927	6,330,574
Finished goods and waste		
Opening stock	125,712	440,589
Less: Closing stock	(292,806)	(125,712)
	(167,094)	314,877
Cost of sales	4,012,833	6,645,451
25.1 Raw materials consumed		
Opening stock	255,446	126,732
Add: Purchased during the year	3,315,406	5,027,534
	3,570,852	5,154,266
Less: Closing stock	(484,663)	(255,446)
	3,086,189	4,898,820
25.2 Salaries, wages, and other benefits include provident fund contribution of Rupees 6.176 million (2024: Rupees 5.254 million) by the Company.		
25.3 This includes the reversal of the provision for electricity duty amounting to Rupees 30.226 million (2024: Rupees Nil), pursuant to the decision of the Supreme Court of Pakistan dated 08 October 2024, in Civil Appeals Nos. 256 to 472 of 2011 (2024 SCP 348), which held that no electricity duty can be recovered from the entities using generators exceeding 500 KW capacity for self-consumption.		
26. DISTRIBUTION COST		
Salaries and other benefits (Note 26.1)	6,535	5,857
Freight - local	34	3,157
Commission to selling agents	19,054	51,857
	25,623	60,871
26.1 Salaries and other benefits include provident fund contribution of Rupees 0.297 million (2024: Rupees 0.225 million) by the Company.		
27. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 27.1)	62,544	60,274
Directors' meeting fee	700	640
Rent, rates and taxes (Note 27.2)	1,052	2,850
Insurance	1,400	1,077
Travelling and conveyance	6,016	9,068
Vehicles' running	8,597	7,455
Entertainment	2,729	1,668
Legal and professional	2,562	3,934
Auditor's remuneration (Note 27.3)	1,848	1,680
Advertisement	81	124
Postage and telephone	1,660	1,652
Electricity and gas	4,636	6,777
Printing and stationery	1,444	2,961
Repair and maintenance	5,180	6,737
Fee and subscription	9,993	8,458
Depreciation (Note 14.1.2)	10,180	7,999
Miscellaneous	530	14
	121,152	123,368

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

27.1 Salaries and other benefits include provident fund contribution of Rupees 2.683 million (2024: Rupees 2.246 million) by the Company.

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

	2025 (Rupees in thousand)	2024
27.3 Auditor's remuneration		
Audit fee	1,518	1,350
Half yearly review	165	165
Other certifications	110	110
Out-of-pocket expenses	55	55
	1,848	1,680
28. OTHER EXPENSES		
Workers' profit participation fund (Note 8.4)	-	2,834
Workers' welfare fund (Note 8.5)	-	1,077
Sales tax refundable written off	791	-
Allowance for expected credit losses (Note 20.1)	-	6,750
Duty drawback receivable written off	-	22,388
	791	33,049
29. OTHER INCOME		
Income from financial assets		
Dividend income (Note 29.1)	900	900
Profit on deposits with banks	8,483	5,807
Reversal of allowance for expected credit losses (Note 20.1)	12,055	-
	21,438	6,707
Income from assets other than financial assets		
Gain on sale of property, plant and equipment (Note 14.1.1)	2,410	12,455
Reversal of provision for slow moving and obsolete stores and spare parts (Note 18.1)	16,251	9,776
Reversal of provision for sales tax	-	28,431
Gain on disposal of stores and spare parts	-	8,204
Advance from customer written back	-	7,204
Scrap sales	9,858	2,981
Rental income (Note 29.2)	13,502	14,029
Credit balances written back	307	
	42,328	83,080
	63,766	89,787
29.1 Dividend income		
Other than related parties:		
EFU Life Assurance Limited	900	900
29.2 This mainly represents rental income earned from leasing out a portion of factory building constructed on freehold land at spinning unit-I of the Company as spinning operations of unit-I are temporarily suspended. Net book value of such leased out land and building is very insignificant due to old premises, hence disclosures required by IAS 40 'Investment Property' have not been given.		
30. FINANCE COST		
Mark-up on:		
Long term financing	3,919	-
Short term borrowings	97,248	85,215
Interest on employees' provident fund	8	10
Interest on workers' profit participation fund (Note 8.4)	-	29
Bank charges and commission	4,475	5,249
	105,650	90,503

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 (Rupees in thousand)	2024
31. LEVY		
For the year		
Final taxes	135	135
Minimum tax differential	51,433	81,551
Prior year		
Current tax	(6,906)	-
	44,662	81,686

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

32. TAXATION		
For the year		
Current tax	-	4,939
Deferred tax	-	-
Prior year		
Current tax	(4,939)	-
	(4,939)	4,939

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

Accounting (loss) / profit before taxation	(97,471)	52,730
Applicable tax rate	29%	29%
Tax on accounting (loss) / profit	(28,267)	15,292
Effect of final tax regime income	(126)	(126)
Effect due to adjustment of brought forward losses	-	(13,084)
Effect due to minimum tax	103,532	81,551
Effect of expense that are not considered in determining taxable liability	-	6,493
Effect of prior year adjustment	(11,845)	-
Others	(23,571)	(3,500)
Current income tax liability as per applicable tax laws	39,723	86,625
Levy (Note 31)	(44,662)	(81,686)
Current tax (Note 32)	4,939	(4,939)
	-	-

	2025	2024
33. LOSS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic earnings per share which is based on:		
Loss attributable to ordinary shares (Rupees in thousand)	(137,194)	(33,895)
Weighted average number of ordinary shares (Numbers)	8,640,000	8,640,000
Loss per share (Rupees)	(15.88)	(3.92)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 (Rupees in thousand)	2024
34. CASH GENERATED FROM OPERATIONS		
(Loss) / profit before taxation and levy	(97,471)	52,730
Adjustments for non-cash charges and other items:		
Depreciation (Note 14.1.2)	70,931	65,387
Finance cost (Note 30)	105,650	90,503
Gain on sale of property, plant and equipment (Note 29)	(2,410)	(12,455)
Gain on disposal of stores and spare parts (Note 29)	-	(8,204)
Dividend income (Note 29)	(900)	(900)
(Reversal of) / allowance for expected credit losses (Note 20.1)	(12,055)	6,750
Advance from customer written back (Note 29)	-	(7,204)
Duty drawback receivable written off (Note 28)	-	22,388
Profit on deposits with banks (Note 29)	(8,483)	(5,807)
Reversal of provision for slow moving and obsolete stores and spare parts (Note 18.1)	(16,251)	(9,776)
Reversal of provision for sale tax (Note 29)	-	(28,431)
Provision for workers' profit participation fund (Note 8.4)	-	2,834
Provision for workers' welfare fund (Note 8.5)	-	1,077
Credit balances written back (Note 29)	(307)	-
Reversal of provision for electricity duty (Note 25.3)	(30,226)	-
Sales tax refundable written off (Note 28)	791	-
Working capital changes (Note 34.1)	20,223	(166,761)
	29,492	2,131

34.1 Working capital changes

(Increase) / decrease in current assets:

- Stores and spare parts
- Stock-in-trade
- Trade debts
- Advances
- Other receivables
- Sales tax refundable

(7,481)
(404,597)
672,574
7,983
1,103
(37,599)

24,400
186,385
(252,290)
(9,871)
(2,596)
100,545

Decrease in trade and other payables

231,983
(211,760)

46,573
(213,334)

20,223

(166,761)

34.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2025		
	Liabilities from financing activities		
	Long term financing	Short term borrowings	Unclaimed dividend
	(Rupees in thousands)		
Balance as at 01 July 2024	-	405,206	4,622
Long term financing obtained	137,880	-	-
Short term borrowings - obtained	-	1,281,920	-
Short term borrowings - repaid	-	(953,579)	-
Dividend paid	-	-	-
Balance as at 30 June 2025	137,880	733,547	4,622

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2024	
	Liabilities from financing activities	
	Short term borrowings	Unclaimed dividend
	(Rupees in thousands)	
Balance as at 01 July 2023	108,298	4,627
Short term borrowings - obtained	2,248,750	-
Short term borrowings - repaid	(1,951,842)	-
Dividend paid	-	-
Balance as at 30 June 2024	405,206	4,622

34.3 There are no non-cash financing activities during the year.

35. 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	
	2025	2024	2025	2024	2025	2024
	(Rupees in thousand)					
Managerial remuneration	-	3,525	11,846	10,680	25,786	19,838
Allowances						
House rent	-	1,586	5,331	4,806	11,612	8,927
Conveyance	-	-	-	-	488	488
Medical	-	-	-	-	1,928	1,408
Utilities	-	353	1,185	1,068	386	380
Contribution to provident fund	-	212	987	765	2,148	1,430
	-	5,676	19,349	17,319	42,348	32,471
Number of persons	1	1	1	1	12	8

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

35.2 Non-executive directors of the Company were paid Rupees 0.700 million (2024: Rupees 0.640 million) as meeting fee.

35.3 No remuneration was paid to non-executive directors of the Company. Further, no remuneration was paid to chief executive during the current financial year.

36. 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:

	2025	2024
	(Rupees in thousand)	
Associated companies		
Sale of goods and services	6,263	6,065
Purchase of goods and services	268,509	20,330
Purchase of operating fixed asset	14,750	-
Insurance premium	9,801	7,923

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 (Rupees in thousand)	2024
Rent expense	1,001	2,850
Short term borrowing received	-	150,000
Short term borrowing repaid	-	50,000
Markup paid	17,234	10,303
Other related parties		
Company's contribution to employees' provident fund trust	9,156	7,726
Loan obtained from chief executive and his spouse	500	10,000
Loan repaid to chief executive and his spouse	22,801	910
Loan obtained from director	6,941	24,219
Loan repaid to director	7,107	43,402

36.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in Note 35.

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

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year		Percentage of shareholding
		2025	2024	
Suraj Cotton Mills Limited	Common directorship	Yes	No	None
Crescent Powertec Limited	Common directorship	Yes	Yes	None
The Shams Textile Mills Limited	Post-employment benefit plan	Yes	Yes	None
Employees Provident Fund Trust	Common directorship	Yes	Yes	1.46%
Premier Insurance Limited	Common directorship	Yes	Yes	None
The Crescent Textile Mills Limited	Common directorship	No	No	None
S2 Power Limited	Common directorship	No	No	None
S2 Solar Limited	Common directorship	No	No	None
Crescot Mills Limited	Common directorship	Yes	Yes	None
S2 Hydro Limited	Common directorship	No	No	None
Bhikki Spinning Mills (Private) Limited	Common directorship	No	No	None
Crescent Group (Private) Limited (Note 36.2.1)	Common directorship	-	No	None
Crescent Retail (Private) Limited (Note 36.2.1)	Common directorship	-	No	None
Crescent Jute Products Limited (Note 36.2.1)	Common directorship	-	No	None
Crescent Agri (Private) Limited (Note 36.2.1)	Common directorship	-	No	None
Crescent Venture (Private) Limited (Note 36.2.1)	Common directorship	-	No	None
Suraj Brands (Private) Limited	Common directorship	No	No	None
Suraj Fabrics Limited	Common directorship	No	No	None
Bridgeline Global Logistics (Private) Limited (Note 36.2.2)	Common directorship	-	Yes	None
Crescent Educational Trust	Director is trustee of the Trust	No	No	None
Equity Textile Limited	Common directorship	Yes	No	None
Mr. Khalid Bashir	Chief Executive Officer	Yes	Yes	None
Mr. Muhammad Anwar	Director	Yes	Yes	None
Mr. Adil Bashir	Director	Yes	Yes	None
Mr. Shahid Arshad	Director	Yes	Yes	None
Mr. Khurram Mazhar Karim	Director	Yes	Yes	None
Mr. Muhammad Shafiq Gill	Director	Yes	Yes	None
Mr. Asif Bashir	Director	Yes	Yes	None
Mrs. Minail Mishal Adamjee	Director	Yes	Yes	None
Mrs. Tanveer Khalid Bashir	Spouse of Chief Executive	No	No	None

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

36.2.1 Ceased to be a related party with effect from 26 June 2025.**36.2.2** Ceased to be a related party with effect from 18 April 2024.**37. 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.

	2025	2024
38. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	351	592
Average number of employees during the year	399	510

39. FINANCIAL RISK MANAGEMENT**39.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors (the Board). The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity.

(a) Market risk**(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

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

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

Sensitivity analysis

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

Index	Impact on statement of comprehensive income (fair value reserve)	
	2025 (Rupees in thousand)	2024
PSX (5% increase)	2,620	3,333
PSX (5% decrease)	(2,620)	(3,333)
Equity (fair value reserve) would increase / decrease as a result of gains / losses on equity investments classified as FVTOCI.		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

(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, short term borrowings and bank balances in deposit accounts. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2025 (Rupees in thousand)	2024
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Floating rate instruments		
Financial assets	-	-
Bank balances - deposit accounts	23,929	57,373
Financial liabilities		
Short term financing	137,880	-
Short term borrowings	733,547	405,206

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 8.475 million (2024: Rupees 3.235 million) higher / lower mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2025 (Rupees in thousand)	2024
Long term investments	52,397	66,662
Long term security deposits	30,665	25,522
Trade debts	121,110	781,629
Advances	531	138
Other receivables	11,918	13,021
Bank balances	28,173	58,593
	244,794	945,565

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:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Rating				2025	2024
Short Term	Long Term	Agency	(Rupees in thousand)		
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	103	103
MCB Bank Limited	A1+	AAA	PACRA	26,837	51,665
Faysal Bank Limited	A1+	AA	PACRA	879	871
Allied Bank Limited	A1+	AAA	PACRA	35	35
United Bank Limited	A1+	AAA	VIS	-	-
Meezan Bank Limited	A1+	AAA	VIS	309	5,896
Finca Microfinance Bank Limited	A-2	A-	VIS	10	23
				28,173	58,593
Investments					
Premier Insurance Limited		A	PACRA	4,959	4,361
Samba Bank Limited	A1	AA	PACRA	26,397	32,230
EFU Life Assurance Limited		AA++	VIS	9,060	11,803
Crescent Cotton Mills Limited		Unknown	-	10,284	16,282
Crescent Fibres Limited		Unknown	-	1,604	1,883
Jubilee Spinning and Weaving Mills Limited		Unknown	-	93	103
				52,397	66,662
				80,570	125,255

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

Trade debts

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

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

The expected loss rates are based on the payment profiles of sales over a period of time before 30 June 2025 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 2025 and 30 June 2024 was determined as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

At 30 June 2025

Local Sale		
Expected loss rate	Trade debts	Loss allowance

% (Rupees in thousand)

Not past due	0.00%	22,328	-
Up to 30 days	0.00%	41,565	-
31 to 60 days	0.10%	46,616	47
61 to 90 days	0.90%	8,462	76
91 to 180 days	6.40%	2,389	153
181 to 360 days	9.86%	29	3
Above 360 days	100.00%	563	563

121,952 842

At 30 June 2024

Local Sale		
Expected loss rate	Trade debts	Loss allowance

% (Rupees in thousand)

Not past due	0.00%	502,953	-
Up to 30 days	0.51%	216,588	1,099
31 to 60 days	1.64%	37,049	607
61 to 90 days	6.90%	54	4
91 to 180 days	26.91%	31,523	8,482
181 to 360 days	36.13%	5,721	2,067
Above 360 days	100.00%	638	638

794,526 12,897

(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 2025, the Company had Rupees 128.573 million (2024: Rupees 394.794 million) available borrowing limits from financial institutions and Rupees 28.456 million (2024: Rupees 59.013 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:

Contractual maturities of financial liabilities as at 30 June 2025

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	137,880	178,426	-	21,621	40,819	115,986
Trade and other payables	685,813	685,813	685,813	-	-	-
Accrued mark-up	16,905	16,905	16,905	-	-	-
Short term borrowings	733,547	741,399	741,399	-	-	-
Unclaimed dividend	4,622	4,622	4,622	-	-	-

1,578,767 1,627,165 1,448,739 21,621 40,819 115,986

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Contractual maturities of financial liabilities as at 30 June 2024

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

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 6 and note 10 to these financial statements.

39.2 Financial instruments by categories

	Amortized cost	FVTOCI	Total
(Rupees in thousand)			
Assets as per statement of financial position			
As at 30 June 2025			
Long term investments	-	52,397	52,397
Long term security deposits	30,665	-	30,665
Trade debts	121,110	-	121,110
Advances	531	-	531
Other receivables	11,918	-	11,918
Cash and bank balances	28,456	-	28,456
	192,680	52,397	245,077

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

	Financial liabilities at amortized cost	
	2025	2024
(Rupees in thousand)		
Liabilities as per statement of financial position		
Long term financing	137,880	-
Trade and other payables	685,813	927,790
Accrued mark-up	16,905	18,478
Short term borrowings	733,547	405,206
Unclaimed dividend	4,622	4,622
	1,578,767	1,356,096

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

2025		
Financial assets	Non-financial assets	Assets as per statement of financial position

(Rupees in thousand)

Assets

Long term investments	52,397	-	52,397
Long term security deposits	30,665	-	30,665
Trade debts	121,110	-	121,110
Advances	531	3,718	4,249
Other receivables	11,918	-	11,918
Cash and bank balances	28,456	-	28,456
	245,077	3,718	248,795

2025		
Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position

(Rupees in thousand)

Liabilities

Long term financing	137,880	-	137,880
Trade and other payables	685,813	216,242	902,055
Accrued mark-up	16,905	-	16,905
Short term borrowings	733,547	-	733,547
Unclaimed dividend	4,622	-	4,622
	1,578,767	216,242	1,795,009

2024		
Financial assets	Non-financial assets	Assets as per statement of financial position

(Rupees in thousand)

Assets

Long term investments	66,662	-	66,662
Long term security deposits	25,522	-	25,522
Trade debts	781,629	-	781,629
Advances	138	12,094	12,232
Other receivables	13,021	-	13,021
Cash and bank balances	59,013	-	59,013
	945,985	12,094	958,079

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2024		
Financial liabilities	Non-financial liabilities	Liabilities as per statement financial of position

(Rupees in thousand)

Liabilities			
Trade and other payables	927,790	219,421	1,147,211
Accrued mark-up	18,478	-	18,478
Short term borrowings	405,206	-	405,206
Unclaimed dividend	4,622	-	4,622
	1,356,096	219,421	1,575,517

39.4 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.

40. 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 6 and note 10. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

		2025	2024
Borrowings	Rupees in thousand	871,427	405,206
Total equity	Rupees in thousand	779,859	931,318
Total capital employed	Rupees in thousand	1,651,286	1,336,524
Gearing ratio	Percentage	52.77	30.32

Increase in gearing ratio is due to increase in borrowings.

41. UNUTILIZED CREDIT FACILITIES

Non-funded		Funded	
2025	2024	2025	2024

(Rupees in thousand)

Total facilities	800,000	800,000	900,000	700,000
Utilized at the end of the year	(193,326)	(123,287)	(771,427)	(305,206)
Unutilized at the end of the year	606,674	676,713	128,573	394,794

	2025	2024
--	------	------

42. PLANT CAPACITY AND ACTUAL PRODUCTION

Number of spindles installed	51,312	51,312
Number of spindles operated	12,056	19,900
100% plant capacity converted to 20s on 3 shifts per day (Kgs)	19,346,188	19,346,188
Actual production converted to 20s on 3 shifts per day (Kgs)	2,087,980	3,236,147

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

42.1 Reasons for low production:

Under utilization of available capacity was due to low demand and temporary closure of Company's spinning unit-I.

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

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 30 June 2025	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

(Rupees in thousands)

Financial assets				
Fair value through other comprehensive income	52,397	-	-	52,397
Total financial assets	52,397	-	-	52,397

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

(Rupees in thousands)

Financial assets				
Fair value through other comprehensive income	66,662	-	-	66,662
Total financial assets	66,662	-	-	66,662

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

44 DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

	2025	2024
	(Rupees in thousand)	
Description		
Financing (long-term, short-term, or lease financing) obtained as per Islamic mode		
Interest or mark-up accrued on any conventional loan or advance	16,905	18,478
Long-term and short-term Shariah compliant Investments	11,981	17,127
Shariah-compliant bank deposits, bank balances, and TDRs	1,284	6,863
Revenue earned from a Shariah-compliant business segment	4,104,812	6,916,185
Break-up of late payments or liquidated damages	-	-
Gain or loss or dividend earned on Shariah compliant investments or share of profit from Shariah-compliant associates		
Dividend income	-	-
Unrealized gain / (loss) on re-measurement of investments fair value through other comprehensive income	(6,287)	11,261
Profit earned from Shariah-compliant bank deposits, bank balances, or TDRs		
Profit on deposits with banks	767	312
Exchange gain earned from actual currency	-	-
Exchange gains earned using conventional derivative financial instruments	-	-
Profit paid on Islamic mode of financing	-	-
Total Interest earned on any conventional loan or advance	-	-
Source and detailed breakup of other income, including breakup of other or miscellaneous portions of other income into Shariah-compliant and non compliant income		
Shariah-compliant		
Profit on deposits with banks	767	312
Reversal of allowance for expected credit loss - trade debts	12,055	-
Advance from customer written back	-	7,204
Credit balances written back	307	-
Gain on disposal of property, plant and equipment - net	2,410	12,455
Gain on disposal of stores and spare parts	-	8,204
Scrap sales	9,858	2,981
Rental income	13,502	14,029
Reversal of provision for slow moving and obsolete stores and spare parts	16,251	9,776
Reversal of provision for sales tax	-	28,431
Non-compliant		
Dividend income	900	900
Profit on deposits with banks	7,716	5,495
Relationship with Shariah-compliant financial institutions, including banks, takaful operators and their windows, etc		
Name	Relationship	
National Bank of Pakistan (Islamic)	Bank balance	
Meezan Bank Limited	Bank balance	
Faysal Bank (Islamic)	Bank Balance	

45 OPERATING SEGMENTS

These financial statements have been prepared on the basis of single reportable segment. Sales of yarn represents 97.05% (2024: 97.46%) of the total sales of the Company. 100% (2024: 100%) of the sales of the Company relates to customers in Pakistan. All non-current assets of the Company at 30 June 2025 are located in Pakistan. 55.65% (2024: 68.04%) of the total sales of the Company are made to a single customer in Pakistan.

46 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 29 September 2025 by the Board of Directors of the Company.

47 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements / reclassification have been made.

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, 2025

Number of Shareholders	Shareholding		Total Shares held
	From	To	
462	1	100	18,877
266	101	500	67,270
60	501	1,000	44,695
101	1,001	5,000	250,513
25	5,001	10,000	190,059
14	10,001	15,000	184,496
6	15,001	20,000	100,157
6	20,001	25,000	137,657
8	25,001	30,000	213,603
4	30,001	35,000	134,921
3	35,001	40,000	113,335
2	45,001	50,000	94,951
1	55,001	60,000	55,983
1	70,001	75,000	74,209
1	110,001	115,000	110,806
1	115,001	120,000	118,517
1	120,001	125,000	125,000
1	225,001	230,000	229,994
1	260,001	265,000	263,067
1	295,001	300,000	298,722
1	310,001	315,000	313,979
1	395,001	400,000	399,000
1	605,001	610,000	610,000
1	810,001	815,000	812,160
1	945,001	950,000	949,726
1	1,005,001	1,010,000	1,008,248
1	1,720,001	1,725,000	1,720,055
972			8,640,000

As On: June 30, 2025

2.3 Categories of Shareholder	Share held	Percentage
2.3.1 - Directors, CEO, Their Spouse and Minor Childern	2,527,341	29.25
2.3.2 - Associated Companies, Undertakings & Related Parties	2,532,265	29.31
2.3.3 - NIT & ICP	1,008,248	11.67
2.3.4 - Banks, DFIs, NBFCs	14,759	0.17
2.3.5 - Insurance Companies	399,300	4.62
2.3.6 - Modarabas and Mutual Funds	13,151	0.15
2.3.8 - A. General Public (Local)	1,946,035	22.52
2.3.9 - A. Other Companies (Local)	198,901	2.30
	8,640,000	100.00

Shareholders More Than 10.00%

CRESCENT POWERTEC LIMITED	1,720,105	19.91
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,008,248	11.67
KHALID BASHIR	949,726	10.99

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: 29 September, 2025

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: 250px; 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-AccountNo. _____

NICNo. _____

or Passport N o. _____

hereby appoint _____ of _____ who is also a member of the
 Company, Folio No. _____ or failing him/her _____
 of _____ who is also member of the Company vide Registered Folio No. _____ as
 my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the 58th Annual General Meeting
 of the Company to be held on **Monday, 27 October, 2025 at 11:30 a.m.** at Registered Office, Tricon
 Corporate Center, 8th Floor, 73-E Jail Road, Gulberg-II, Lahore and at any adjournment thereof.
 Dated this _____ day of _____, 2025. Signature of the Shareholder _____

For Beneficial owners as per CDC list

1-Witness:

Signature _____

Name _____

Address _____

2-Witness:

Signature _____

Name _____

Address _____

Affix
 Revenue of
 Stamps of Rs. 5/-

 Signature of Member

Note:

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

ریونیو چسپاں کریں

گواہ

(۱) دستخط _____

نام _____



سی این آئی سی

(۲) دستخط _____

نام _____



سی این آئی سی

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

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