



CRESCENT COTTON MILLS **LIMITED**

CORPORATE BRIEFING SESSION

ANNUAL REPORT 2025





COMPANY PROFILE

BASIC INFORMATION ABOUT THE COMPANY

Date of incorporation	:	07 th day of March, 1959
Registration number	:	0000984
National tax number	:	0710139-2
Sales tax registration number	:	04-03-2900-001-82
Phone number	:	041-8752111-4, 041-8750363-4
Facsimile number	:	041-8750366
E.Mail address	:	info@crescentcotton.com
Website	:	crescentcotton.com

BOARD OF DIRECTORS

The panel of the Board of Directors comprises of the following :-

- | | |
|--------------------|-------------------------|
| ▪ Mr. Taimur Amjad | Chairman |
| ▪ Mr. Abid Mehmood | Chief Executive Officer |

(In alphabetical order)

- | | |
|---------------------|------------------------|
| ▪ Mr. Adnan Amjad | Non-Executive Director |
| ▪ Mr. Naveed Gulzar | Executive Director |
| ▪ Ms. Nazish Arshad | Non-Executive Director |
| ▪ Mr. Salman Rafi | Independent Director |
| ▪ Ms. Shameen Azfar | Independent Director |



HISTORY

Crescent Sugar Mills & Distillery Limited was incorporated on March 07, 1959. The Company has three lines of business ie. Sugar Unit, Distillery Unit and Spinning Unit. Initially this company was a subsidiary of The Crescent Textile Mills Limited and was separately listed on the Karachi Stock Exchange in 1965. Now the Company is listed on Pakistan stock exchange of the country. On May 02, 2012 the name of the company has been changed to Crescent Cotton Mills Limited with the approval of board of directors, share holders and Securities & Exchange Commission of Pakistan.

SUGAR UNIT

Sugar Unit went into commercial production in December 1960. The sugar plant was capable of producing 23,167 M.Tons of refined sugar. It has a daily crushing capacity of 3,000 TCD. This project was spread over approximate 98 acres, and is situated on the main Faisalabad Lahore Road. Quality white sugar was produced by this unit. At present due to operational difficulties plant and machinery of the sugar unit has been disposed off.

DISTILLERY UNIT

Distillery plant having a capacity of 2.727 Million liters of industrial alcohol, went into commercial production in 1965. This plant was located within the premises of the Sugar Unit. This unit produces both high quality denatured as well as rectified spirit. At present due to operational difficulties plant and machinery of the distillery unit has been disposed off.



SPINNING UNITS

The Company operates three Spinning Units. Two Units are located at Kotla Kahlon, 8/9 Kilometers from Shahkot towards Sheikhpura. Spinning Unit # 1 at Shahkot comprising of 14,400 spindles was completed and put into operation on July 01, 1990. Later on 11,232 spindles were added to this unit. Spinning Unit # 2 was completed and came into operation in December 1994 having 15,360 spindles to which 5,760 spindles were added later on. Presently the Spinning Units consist of 46,752 spindles with an accumulated capacity of 11,728,311 Kgs. of yarn converted at 20s count. Cotton as well as blended yarn is produced for the local as well as export market. The Spinning Units of the Company have received ISO 9002 certification.

HOSIERY UNIT / HOME TEXTILES

The company has also setup a hosiery unit consisting of 57 socks machines. A separate Home Textiles Division has also been setup which is dealing in cloth and made-ups.

SUBSIDIARIES

Crescent Cotton Mills Limited has one subsidiary company.

Crescot Mills Limited

Crescot Mills Limited was a spinning unit situated at B-10, SITE Kotri district Hyderabad. Crescent Sugar Mills & Distillery Limited holds 66.15 % of the equity of Crescot Mills Limited. Due to heavy losses the company has ceased all production activities since August 1998 and has disposed off some of its plant and machinery. The management of the Company has got the Company de-listed from Karachi Stock Exchange (Guarantee) Limited, the sole stock exchange on which it was listed. In the year 2021 the management of Crescot Mills Limited disposed of the entire assets of the company, however in the year 2022 company started business of trading of raw material of textiles.



STATEMENT OF ETHICS AND BUSINESS PRACTICES

INTRODUCTION

Crescent Cotton Mills Limited (CCML) holds, and will continue to hold, a leading position among sugar, industrial alcohol and yarn manufacturers in Pakistan. CCML's activities are guided by the highest standards and principles of business conduct as accepted by the national as well as international business community.

Crescent Cotton Mills Limited is proud of its reputation, its honest treatment of customers, directors and employees. The professionalism of management and employees of CCML and the corporate principles and ethics abided by them continue to be an essential factor in the development of the company. These factors continue to shape and strengthen its present position in the business community. We believe that adherence to these principles is key to a successful future for Crescent Cotton Mills Limited.

Crescent Cotton Mills Limited operates in an emerging economy. Following the principles of good corporate citizenship, CCML is committed to setting an example of high ethical and proper business practices. It is our belief that adherence to the principles of corporate governance and transparency sets the tone for the ongoing development of our industry and the economy in which we operate.

Pakistan is CCML's home. As such, we are committed to increasing wealth in Pakistan and we have made this, one of our business priorities.



COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

PREAMBLE

Compliance with best practices of Corporate Governance may derive assurance that the company is being ethically managed according to prudently determined risk parameters in compliance with generally adopted corporate practices and that all transactions not only comply with all laws but are also fairly and accurately reflected in the financial statements.

The implementation and compliance of elements of Code of Corporate Governance is the responsibility of the Board of Directors of the Company.

This document reflects company's procedure for compliance with the elements of Code of Corporate Governance.



VISION STATEMENT

To continue to hold a highly prestigious profile amongst the national as well as international industry through producing international quality sugar, industrial alcohol, yarn and by-products, while ever endeavoring for a sustainable growth of the Company.

MISSION STATEMENT

The company's primary mission is to be a profitable performance proven leader in sugar, industrial alcohol and yarn manufacturing, with recognition coming from our customers, our equity holders, our employees and the public at large. The company seeks to accomplish this in a manner that contributes to the strengthening of the free enterprise system, to the development and growth of its employees, and to the goals of the country and the community towards fulfilling its social responsibilities/obligations in a befitting manner.



KEY OPERATING AND FINANCIAL DATA

(RUPEES IN MILLION)

	2025	2024	2023	2022	2021	2020
Summary of Profit and Loss Account						
Sales	5,574	5,963	6,386	7,115	5,406	5,517
Gross profit	432	477	468	726	726	365
Profit from operations	162	222	297	431	485	156
Finance cost	85	84	110	99	87	104
Profit/(Loss) before taxation	77	138	187	332	398	52
Taxation	70	62	72	83	76	10
Profit/(Loss) after taxation	7	76	115	249	322	42
Profit/(Loss) after taxation from discontinued operations	54	(26)	-	-	-	-
Profit/(Loss) after taxation	61	50	115	249	322	42

Summary of Balance Sheet

Property, plant and equipment	5,373	587	5,911	5,312	5,204	5,191
Other non-current assets	82	68	63	57	60	65
Stock in trade	647	557	636	658	488	540
Trade debts	465	490	477	514	195	280
Other current assets	1,844	6,586	1,124	852	744	753
Current assets	2,956	7,633	2,237	2,024	1,427	1,573
Total assets	8,411	8,288	8,211	7,393	6,691	6,829
Shareholders equity	1,371	1,226	1,176	1,091	887	560
Surplus on revaluation of operating fixed assets	4,896	4,926	4,926	4,283	4,137	4,137
Long term financing	8	20	54	111	204	195
Other non-current liabilities	135	137	98	161	149	127
Trade and other payables	1,071	1,210	1,173	815	678	645
Short term borrowings	903	698	561	674	369	841
Other current liabilities	27	71	223	258	267	324
Current liabilities	2,001	1,979	1,957	1,747	1,314	1,810
Total equity and liabilities	8,411	8,288	8,211	7,393	6,691	6,829

Summary of Cash Flow Statement

Cash and cash equivalents at the



beginning of the year	20	50	44	143	42	50
Net cash (used in) / generated from operating activities	(229)	(106)	226	(233)	548	(121)
Net cash used in investing activities	60	(5)	(2)	(64)	(59)	(103)
Net cash from / (used in) financing activities	164	81	(218)	198	(388)	216
Net increase / (decrease) in cash and cash equivalents	(5)	(30)	6	(99)	101	(8)
Cash and cash equivalents at the end of the year	15	20	50	44	143	42

PERFORMANCE INDICATORS

		2025	2024	2023	2022	2021	2020
Profitability Ratios							
Gross profit ratio	%	7.75	8.00	7.33	10.20	13.43	6.62
Net profit to sales	%	0.13	1.27	1.80	3.50	5.96	0.76
Return on equity	%	0.51	6.20	9.78	22.82	36.30	7.50
Return on capital employed	%	11.53	20.67	28.01	49.73	59.61	7.79
Earning/(loss) per share	Rs.	2.23	2.23	5.07	10.99	14.19	1.83

Liquidity Ratios

Current ratio	Times	1.48	3.86	1.14	1.16	1.09	0.87
Quick ratio	Times	1.15	3.58	0.82	0.78	0.71	0.57
Cash to current liabilities	%	0.01	0.01	0.03	0.03	0.11	0.02

Activity / Turnover Ratios

Inventory turnover	Times	9	9	9	11	9	10
Number of days in inventory	Days	43	40	40	33	40	37
Debtor turnover	Times	12	12	13	20	23	23
Number of days in receivables	Days	31	30	28	18	16	16
Creditors turnover	Times	5	5	6	9	7	7
Number of days in payables	Days	81	79	61	43	52	52
Total assets turnover	Times	0.67	0.72	0.82	1.01	0.80	0.83
Property, plant and equipment turnover	Times	1.87	1.84	1.14	1.35	1.04	1.07



Investment / Market Ratios

Basic and diluted earning/(loss) per share	Rs.	2.23	2.23	5.07	10.99	14.19	1.83
Price earning ratio	Times	26.09	41.30	6.68	4.15	3.86	21.69
Market value per share							
- At the end of year	Rs.	58.17	92.10	33.86	45.66	54.75	39.70
- Highest during the year	Rs.	111.94	111.34	35.00	59.17	60.00	42.88
- Lowest during the year	Rs.	48.02	92.10	29.00	30.55	24.94	24.94
Break up value w/o surplus on revaluation	Rs.	60.50	54.10	51.90	48.15	39.14	24.71
Break up value with surplus on revaluation	Rs.	276.57	271.49	269.28	237.16	221.71	207.28

Capital Structure Ratios

Financial leverage ratio	Times	0.66	0.59	0.52	0.72	0.65	1.85
Long term debt to equity ratio	%	0.58	1.63	4.59	10.17	23.00	34.82
Interest coverage ratio	Times	1.91	2.64	2.70	4.35	5.57	1.50



DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors of your Company are pleased to present their report and audited financial statements for the year ended June 30, 2025 together with the auditors' report thereon.

Overview Of Economy And Industry

The textile industry is the backbone of the country's economy, and its growth trajectory not only influences the overall economic cycle but also plays a pivotal role in the lives of common people. Although the sector is a major contributor to Pakistan's GDP, its growth is dependent on both local and international factors. Textile exports are expanding at a slower pace compared to regional competitors, primarily due to the greater support extended by their governments. Addressing this challenge must remain a priority in order to achieve sustained economic growth and generate the much-needed foreign exchange for the country.

Textile exports showed increased growth of 7.59% in FY2025 over the corresponding period. This indicates positive sign but it remains insufficient to offset the underperformance of previous year. Pakistan's textile industry is currently facing significant challenges due to subdued foreign demand. On the global front, escalating geopolitical tensions fueled by ongoing conflicts and recent developments related to reciprocal tariff arrangements in the U.S. market are exerting additional pressure on the global economy.

On the domestic front, elevated energy and gas prices have continued to place significant burden on the businesses, undermining their competitiveness relative to regional peers.

During the period, SBP has taken initiatives by reducing policy rates which have helped to manage the financial cost for the businesses.

Nevertheless, we remain cautiously optimistic. Key macroeconomic indicators, including an improved current account balance, exchange rate stability and a downward trend in inflation, point towards the likelihood of a stable policy rate. This stability could help create a more conducive environment for growth and recovery.

As the textile industry continues to face huge challenges in terms of high cost of utilities and skewed policies this has led to an erosion of demand for our products. The pressure of these is affecting the spinning industry adversely and a lot of capacity is facing closure. Our company has performed well during the year with revenue of Rs. 5,573.501 million, a decline of approximately 27.84 % over the corresponding period. For the period under review, the company has reported a net profit of Rs. 60.710 million an increase of about 19.79% as compared to the corresponding period. Earnings per share is Rs. 2.68 (2024: Rs. 2.24). Yarn production this year was approximately 9.7 million kgs, which is lower than last year. The mills continued to import yarn boosted by sharply lower international prices. Prices remained fairly stable throughout the period, both in the domestic as well as international markets.



Financial And Operational Performance

The company, despite of many operational challenges has been able to post better results in profitability through persistent and diligent efforts.

Our textile business faced a number of challenges wherein both the demand and margins fell considerably. In spite of operating in such adverse circumstances the company managed to earn profit during the year under review hence, we have performed much better than many other similar units operating in the country.

The company earned a post-tax profit of Rs. 60.710 million as compared to post-tax profit of Rs. 50.679 million in the last year.

Sales revenue during the year under review has been recorded at Rs. 5,573.501 million whereas in the last year it stood at Rs. 7,723.325 million. The major reason for decline in sales revenue is the disposal of the Company's Spinning Unit at Lahore Multan Road.

Our gross profit ratio for continuing operations this year is 7.75% (2024: 8.00%).

Summary of key financial results in comparison to last year are highlighted as below:

SUMMARY OF KEY FINANCIAL RESULTS IN COMPARISON TO LAST YEAR

PROFIT AND LOSS	FY-2025		FY-2024		INCREASE/(DECREASE)	
	RS. IN "000"	%	RS. IN "000"	%	RS. IN "000"	%
CONTINUING OPERATIONS						
Sales revenue	5,573,501	100.00	5,962,592	100.00	(389,091)	(6.53)
Cost of sales	5,141,580	92.25	5,485,638	92.00	(344,058)	(6.27)
Gross profit	431,921	7.75	476,954	8.00	(45,033)	(9.44)
Operating expenses	358,928	6.44	310,094	5.20	48,834	15.75
Other income	88,985	1.60	55,436	0.93	33,549	60.52
Profit from operations	161,978	2.91	222,296	3.73	(60,318)	(27.13)
Finance cost	85,272	1.53	83,688	1.40	1,584	1.89
Taxation	70,217	1.26	61,966	1.04	8,251	13.32
Profit after taxation	6,489	0.12	76,642	1.29	(70,153)	(91.53)
DISCONTINUED OPERATION						
Profit/(Loss) after taxation	54,221	0.97	(25,963)	(0.44)	80,184	(308.84)
Profit after taxation	<u>60,710</u>		<u>50,679</u>		<u>10,031</u>	<u>19.79</u>
Earnings per share (Rs.)	<u>2.68</u>		<u>2.24</u>		<u>0.44</u>	



During the first nine months of FY 2024-25, local raw cotton prices remained high whereas international prices declined over the same period. This disparity between domestic and global rates posed significant challenges for spinners, particularly in exporting yarn to international markets. Responding proactively, the Company fulfilled its annual cotton requirements through a mix of local and imported sources. Cotton yarn prices in the export market remained under pressure throughout the period, with no sustained recovery in demand noted. In contrast, the local market proved more encouraging in terms of both prices and demand, particularly for open-end yarn, which played a crucial role in supporting the Division.

Financial Strength

The company has been able to improve its financial strength, the current ratio of the company is now 1.48 (2024: 3.86). The Company's cash flow management system projects cash inflows and outflows on a regular basis and monitors the cash position on a daily basis. The Company manages its working capital requirements through short term borrowings.

Earnings Per Share

The profit per share stood at Rs. 2.68 per share (2024: Rupees 2.24 per share).

Risk And Opportunities

Crescent Cotton Mills Limited takes risks and creates opportunities in the normal course of business. Taking risk is important to remain competitive and ensure sustainable success. Our risk and opportunity management encompass an effective framework to conduct business in a well controlled environment where risk is mitigated and opportunities are availed. Each risk and opportunity is properly weighted and considered before making any choice. Decisions are formulated only if opportunities outweigh risks. Following is the summary of risks and strategies to mitigate those risks:

Strategic Risks

We are operating in a competitive environment where innovation, quality and cost matters. This risk is mitigated through continuous research & development. Strategic risk is considered as the most crucial of all the risks. Head of all business divisions meet at regular basis to form an integrated approach towards tackling risks both at the international and national level.

Business Risks

The Company faces a number of following business risks:

Cotton Supply and Price

The supply and prices of cotton is subject to the act of nature and demand dynamics of local and international cotton markets. There is always a risk of non-availability of cotton and upward shift in the cotton prices in local and international markets. The Company



mitigates this risk by the procurement of the cotton in bulk at the start of the harvesting season.

Export Demand and Price

We face the risk of competition and decline in demand of our products in international markets. We minimize this risk by building strong relations with customers, broadening our customer base, developing innovative products without compromising on quality and providing timely deliveries to customers.

Energy Availability and Cost

The rising cost and un-availability of energy i.e. electricity and gas shortage is a major threat to manufacturing industry. This risk, if unmitigated can render us misfit to compete in the international markets. In order to counter the rising energy costs, the Company is considering to opt for alternative renewable energy sources. The measures to conserve energy have also been taken at all manufacturing facilities of the Company.

Financial Risks

The Board of Directors of the Company is responsible to formulate the financial risk management policies that are implemented by the Finance Department of the Company. The Company faces the following financial risks:

Currency risk

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to United States Dollar (USD) and Great Britain Pound (GBP) and Euro. The Company's foreign exchange risk exposure is restricted to the amount receivable from the foreign entities.

Interest rate risk

The Company's interest rate risk arises from long term financing and short term borrowings. Fair value sensitivity analysis and cash flow sensitivity analysis shows that the Company's profitability is not materially exposed to the interest rate risk.

Credit risk

The Company's credit exposure to credit risk and impairment losses relates to its trade debts, investments, bank balances, other receivables, loans, advances and deposits. This risk is mitigated by the fact that majority of our customers have a strong financial standing and we have a long standing business relationship with all our customers. We do not expect nonperformance by our customers; hence, the credit risk is minimal.

Liquidity risk



It is at the minimum due to the availability of enough funds through committed credit facilities from the Banks and Financial institutions.

Employee Recruitment and Retention

Failure to attract and retain the right people may adversely affect the achievement of company's growth plan. Strong emphasis is placed on the company's human resource and its skill set. We operate the best talent management and human resource instruments to attract, retain and motivate personnel and staff.

Product Development

The management of the company is focused on the product development for the export market and later on development of our own brand of high international value products, which should create its own demand in the international market. More than 90% production of the company can be classified to the basic commodity items and to develop a suitable market for a commodity item is a big task for which the management is constantly striving.

Statement on Corporate and financial reporting framework

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the listed Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained, if any.
- The system of internal control is sound in design and has been effectively implemented and monitored, and,
- There are no significant doubts upon the listed Company's ability to continue as a going concern.
- Summarized key operating and financial data for last six years is annexed.
- All the statutory payments on account of taxes, duties, levies and charges have been made except those disclosed in the financial statements.
- There are seven (7) directors of the Company including:
 - i) 5 Male
 - ii) 2 Female



- There have been four (4) Board Meetings during the year and attendance of each director is stated under:-

<u>NAME OF DIRECTOR</u> (In alphabetical order)		<u>MEETINGS ATTENDED</u>
Mr. Abid Mahmood	- Chief Executive Officer	4
Mr. Adnan Amjad	- Non-Executive Director	4
Mr. Naveed Gulzar	- Executive Director	4
Miss. Nazish Arshad	- Non-Executive Director	4
Mr. Salman Rafi	- Independent Director	0*
Mrs. Shameen Azfar	- Independent Director	3
Mr. Taimur Amjad	- Chairman	4

* Leaves of absence were obtained and approved from relevant director in two meetings.

- During the year four (4) meetings of the Audit Committee were held and following were the attendance:-

<u>NAME OF DIRECTOR</u> (In alphabetical order)		<u>MEETINGS ATTENDED</u>
Mr. Salman Rafi	- Chairman	0*
Mr. Adnan Amjad	- Member	4
Mr. Taimur Amjad	- Member	4

* Leaves of absence were obtained and approved from relevant director in two meetings.

- The members composition of HR and Remuneration Committee is as Follows:

- i. Mrs. Shameen Azfar - Chairperson
- ii. Mr. Adnan Amjad - Member
- iii. Miss Nazish Arshad - Member

- The members composition of Sustainability Committee is as Follows:

- iv. Mrs. Shameen Azfar - Chairperson
- v. Mr. Adnan Amjad - Member
- vi. Miss Nazish Arshad - Member

Financial Statements

As required under regulation 25 of Listed Companies (Code of Corporate Governance) Regulations, 2019, the Chief Executive Officer and Chief Financial Officer presented the financial statements, duly endorsed under their respective signatures, for consideration and approval of the



Board of Directors and the Board after consideration and approval authorized the signing of financial statements for issuance and circulation.

Consequent upon the approval of shareholders in extra ordinary general meetings held on March 14, 2024 and June 03, 2024, approval has been granted for disposal of Company's Land and Buildings situated at Nishatabad, Faisalabad and assets of complete spinning unit located at 46 Km., Lahore Multan Road, Chak # 66, Dina Nath, Tehsil Pattoki, District Kasur. The management of the company has during the year disposed off the assets of complete spinning unit, however due to the stringent and depressed real estate market the Land and Buildings at Faisalabad could not be disposed. Consequently, upon the approval of the board of directors these assets have been re-classified form held for sale to property, plant and equipment.

The financial statements of the Company have been duly audited and approved without qualification by the auditors of the Company M/s. Riaz Ahmad & Company, Chartered Accountants and their report is attached with the financial statements.

Appropriations

The Board of Directors of the company feels that it is prudent to plough back the profits for future growth and enhanced working capital needs of the company and do not recommend any dividend for the year ended June 30, 2025. The Company will be able to provide sufficient returns to shareholders in the upcoming years.

Pattern of Shareholding

The pattern of shareholding as per section 227 of the Companies Act, 2017 is attached.
During the year the detail of shares purchased / sold by directors is as under:-

<u>SR.#</u>	<u>NAME OF DIRECTOR/SPOUSE/MINOR</u>	<u>SHARES PURCHASED</u>
1.	Mr. Naveed Gulzar	17,305
2.	Ms. Shameen Azfar	1,926

<u>SR.#</u>	<u>NAME OF DIRECTOR/SPOUSE/MINOR</u>	<u>SHARES SOLD</u>
1.	Ms. Shameen Azfar	42,501

Except that of the above directors/spouses/minor children, remaining directors, CFO, Company Secretary and their spouses and minor children have not traded in the shares of the Company.

Related parties

The transactions between the related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method. These transactions have been ratified by the Audit Committee and approved by the Board.



Gender pay gap statement under Circular No 10 dated 17 April 2024:

There are a few females in the Company. However, following is gender pay gap calculated for the year ended 30-06-2025

- (i) Mean Gender Pay Gap : 221 %
- (ii) Median Gender Pay Gap : 373 %

To Address the Sustainability Risks and Opportunities

The Board has established a dedicated Sustainability Committee to monitor and review the Company's sustainability-related risks and opportunities. The Company reinforced its commitment to environmental, social, and governance (ESG) principles and sustainability. Our strategic objectives are deeply rooted in fostering long-term value for our stakeholders while advancing responsible business practices that line up with global sustainability standards.

Our approach to ESG and sustainability is comprehensive, driven by a commitment to ethical governance, social responsibility and environmental stewardship. We have integrated ESG considerations into our core business strategies, ensuring that these principles are not only adhered to but are central to our decision-making procedures.

This progress is informed by the latest regulatory policies and guidelines on ESG, sustainability, and climate related risk management. We are committed to embedding ESG into every aspect of our operations, ensuring alignment with our core values and meeting the expectations of our stakeholders.

The directors remain committed to furthering these objectives, continuously adapting our strategies to meet the changing expectations of our stakeholders and to contribute positively to the broader community and environment. We believe that our efforts in ESG and sustainability not only align with our core values but also position the company as a leader in a responsible and sustainable business practices.

Corporate Governance

The Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 is annexed.

Directors' Remuneration

The Board determines remuneration in line with the Code of Corporate Governance, ensuring no Director participates in the decision regarding his/her own remuneration. Details of Directors' and CEO's remuneration are provided in the notes to the financial statements.



Committees of the Board

The board of directors in compliance with the Code of Corporate Governance has established an Audit Committee, Human Resources and Remuneration Committee and Sustainability Committee.

Corporate Social Responsibility

The Company understands its corporate responsibility towards the society and fulfills its obligation by providing financial support to under privileged members of the society and its deserving employees as well as doing philanthropy work. The company is also contributing considerable amounts to the National Exchequer, applying solutions for energy conservation and environment protection, providing best quality products and after-sales technical services to its valued customers.

The Company regularly undertakes welfare work as part of its philanthropic activities. The Company is providing healthy, safe and learning work environment to its employees and sends them to attend training courses, seminars, workshops and conferences both within the country and abroad.

External Auditors

The present external auditors M/s. Riaz Ahmad & Company, Chartered Accountants would retire at the conclusion of the annual general meeting and being eligible for re-appointment have given their consent. Based on the suggestion of the audit committee, the Board has recommended re-appointment of M/s. Riaz Ahmad & Company, Chartered Accountants as external auditors for the year ending June 30, 2026.

Events after reporting date

There is no significant event after reporting period which needs to be mentioned in Directors' Report.

Consolidated financial statements

Consolidated financial statements with accompanying information have been annexed as required under section 228 of the Companies Act, 2017.

Way Forward

Textiles remain the backbone of Pakistan's economy and an uncertain future does not bode well for any industry. Inflation in Pakistan has come down significantly and the cost of borrowing has also reduced sharply. However, the high cost of utilities and a fiscal system that favors import of yarn will have serious negative effects on the local industry. Due to a high cost of doing business,



we will continue to face a lot of competition from the regional countries. The exchange rate remains stable and we expect this trend to continue due to the approval of the IMF assistance and our current account is in surplus. Recently, the government has increased the prices of natural gas to exorbitant levels and is also planning to impose a Grid Levy on captive gas power plants. This is an extremely unfavorable situation for the textile industry, especially in Sindh, where the grids supplying electricity are in poor condition and do not have the capacity to cater to the additional demand. The United States is proposing tariffs on the entire world and it remains uncertain what this will mean for the textile trade. However, if the proposal goes through, we will be in a lower tariff bracket and should position ourselves to take advantage of this through effectively reducing our cost of doing business. Our emphasis on continuous improvement and up-gradation of our facilities to bring about better cost efficiencies has shown positive results. This is largely due to being able to achieve better productivity and a reduction in operating costs due to efficient machinery. We remain cautiously optimistic in the face of challenges and will continue to try and ensure that we are able to maintain our profitability and return to shareholders. Our focus remains on reducing our costs through innovation and technology.

It has been observed that economic indicators have been stabilized. Pakistan's GDP growth is projected to be 3.6% in fiscal year 2026 and 3.5% in fiscal year 2027. Inflation is expected to be 6% in fiscal year 2026. While key macroeconomic indicators, such as declining inflation and interest rates, a stable rupee, and improved fiscal discipline offer cautious optimism, challenges still persist.

The Government's focus on reducing energy costs and further monetary easing provides a positive outlook for cost structures. Sustained growth will, however, depend on structural and fiscal reforms aimed at boosting investor confidence, productivity, and economic resilience. The management of your company is proactively addressing these challenges by focusing on cost minimization, operational optimization, enhancing capacity and improving efficiencies to achieve favorable financial results in the forth coming financial year.

SUBSIDIARY

CRESCOT MILLS LIMITED (CML)

CML is engaged in the business of trading of raw materials of textiles. During the year CML earned revenue of Rupees 486.158 million and incurred loss after taxation of Rupees 6.893 million.

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

CHIEF EXECUTIVE OFFICER
Faisalabad
September 29, 2025

DIRECTOR