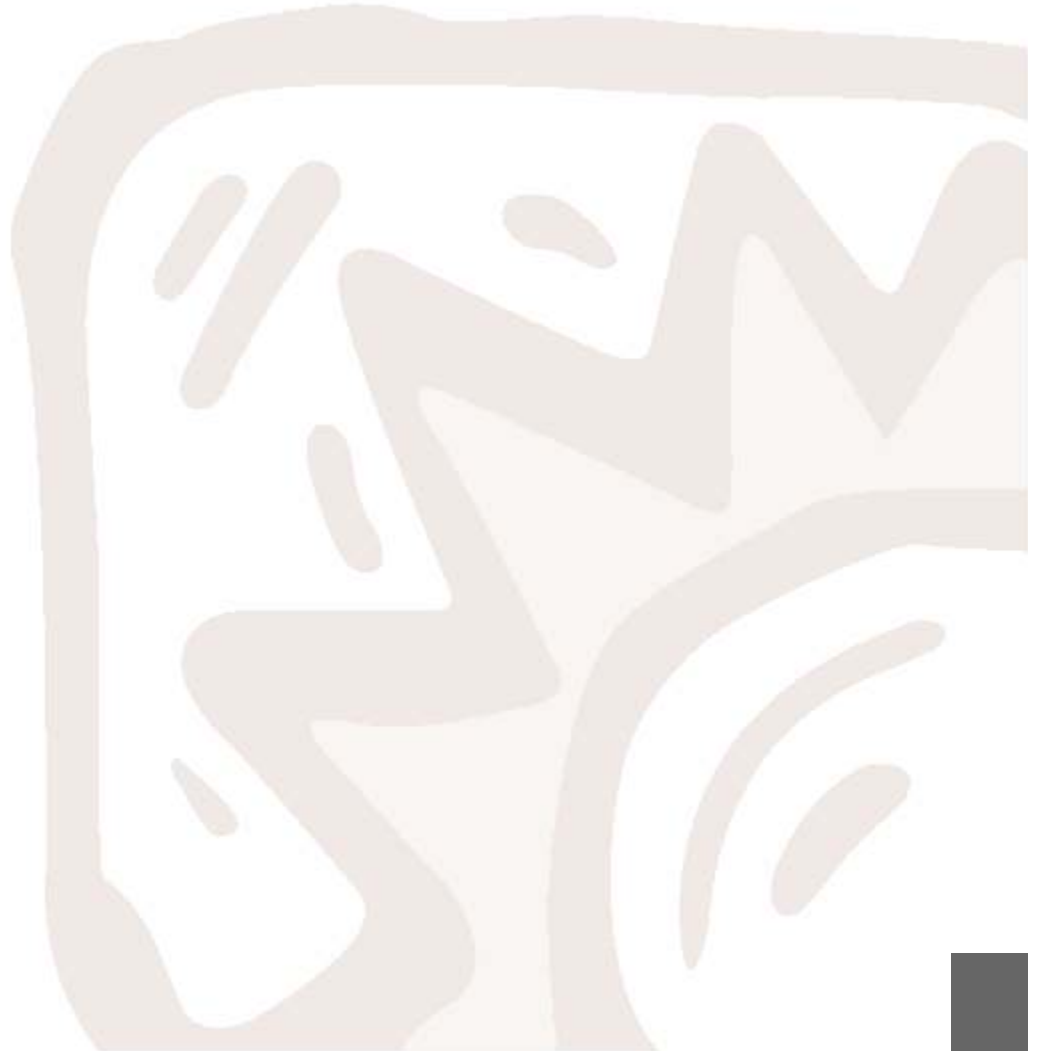




SHAMS TEXTILE MILLS LIMITED

ANNUAL REPORT 2017



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## COMPANY INFORMATION

## Board of Directors

Muhammad Anwar (Chairman)

Adil Bashir

Asif Bashir

Khurram Mazhar Karim

Muhammad Asif (Nominee: NIT)

Shahid Arshad

Sharik Bashir

## Chief Executive Officer

Khalid Bashir

## Chief Financial Officer

Farooq Ahmad

## Company Secretary

Hashim Tariq

## Audit Committee

Khurram Mazhar Karim (Chairman)

Muhammad Anwar (Member)

Asif Bashir (Member)

Tariq Javed (Secretary)

## Human Resource &amp; Remuneration Committee

Asif Bashir (Chairman)

Muhammad Anwar (Member)

Khurram Mazhar Karim (Member)

## Share Registrar

Corptec Associates (Pvt) Ltd.

503-E, Johar Town, Lahore.

## Auditors

Riaz Ahmad & Company

Chartered Accountants

## Bankers

Allied Bank Limited

MCB Bank Limited

National Bank of Pakistan

The Bank of Punjab

Bank Islami Limited

United Bank Limited

Habib Metropolitan Bank Limited

## Registered Office

7-B-III, Aziz Avenue, Gulberg-V, Lahore

Ph: +92-423-576 0379, 576 0382

Fax: +92-423-576 0376

Email: [info@shams.com.pk](mailto:info@shams.com.pk)

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

## Project Locations

Kotla Kahloon, District Nankana Sahib, Punjab

3-KM, Faisalabad Road, Chiniot, Punjab

## PROFILE

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

The Company initially setup up its composite project consisting of spinning, weaving, dyeing and finishing at Chiniot in 1968. The plant today comprises of 24,960 spindles having capacity of producing 400,000 Kg/month (approx.) of yarn. During the initial years of operations the management successfully marketed the cotton yarn, grey and finished fabrics produced from these facilities, generating substantial export business. These operations resulted in the manufacturing of premium quality products leading to higher profitability for the company.

The company successfully built enough reserves over time inducing the management to think about the expansion of its existing facilities. The Management therefore decided to increase its spindle age capacity to 46,320 by installing another spinning unit at 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 22,176 spindle-spinning unit located at Shahkot has the capacity of producing 500,000 Kg (approx.) of the finest Knitting and weaving yarns monthly. Our strength is our commitment to customer satisfaction. Every product passes stringent quality control tests conducted on highly sophisticated machinery before it is dispatched to a customer.

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

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

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

## MISSION / VISION STATEMENT

### Our Business

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

### Vision of Future Business

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

### Our Strengths

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

### Our Strategy

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

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

### Our Values

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

## STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE

This statement is being presented to comply with the best practices of the Code of Corporate Governance as contained in the Listing Regulation of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

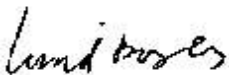
1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. Since there was no contestant for independent director so shareholders did not elect. At present the Board included:

S. No.	Category	Names
1	Executive Directors	Mr. Khalid Bashir Mr. Asif Bashir
2	Non-Executive Directors	Mr. Muhammad Anwar Mr. Adil Bashir Mr. Khurram Mazhar Karim Mr. Sharik Bashir Mr. Mohammad Asif Mr. Shahid Arshad

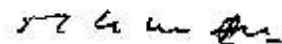
2. The directors have confirmed that none of them is serving as a director in more than seven listed companies including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No Causal Vacancy occurred on the Board during the year ended 30 June 2017.
5. 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 supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors, have been taken by the Board/Shareholders.
8. 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. Five Directors and Chief Executive are exempt from Directors' Training Programme due to 14 years of education and 15 years of experience on the board of listed companies. Remaining 2 directors will undergo Directors' Training Programme within the time allowed by CCG.
10. The Board has approved appointment of CFO, Company Secretary, and Head of Internal Audit including their remuneration and terms and conditions of employment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and

fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises of 3 (three) members, of whom two are non executive directors including the Chairman of the Committee and one member is an executive director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive and one is executive director and the chairman of the committee is an executive director.
18. The Board 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. The day to day operations of this function are being performed and supervised by the Head of Internal Audit, who is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.



KHALID BASHIR  
Chief Executive



Muhammad Anwar  
Director

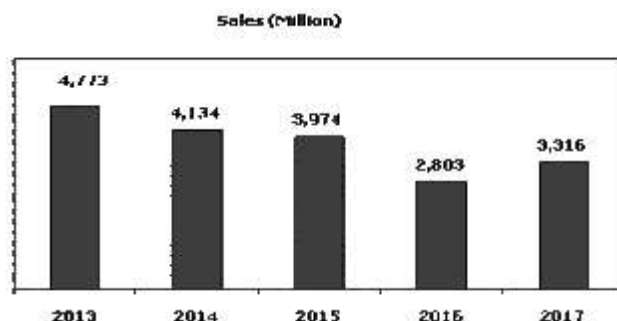
September 23, 2017

## DIRECTORS' REPORT

On behalf of the Board of Directors I am pleased to present the report on the performance of the Company for the year ending June 30, 2017. Unfortunately the Textile Industry continues to perform poorly due to various factors. The major being it's un-competitiveness as compared to other major suppliers. Your Company continues to suffer also and has had to report loss after tax of Rs. 50.39 Million. This is an improvement over the performance of the previous year but still a lot more is to be done before can achieve profitable results.

## Operating Results

During the year under review net sales have been an increase of 18% from Rs. 2,803 million to Rs. 3,316 million.



Export sales have failed to keep pace and have fallen from Rs. 1,056 million to Rs. 671 million mainly due to low demand from our traditional buyers as also our inability to compete with other suppliers. This has affected our bottom line. We have endeavoured to concentrate on reducing costs where ever possible resulting in better gross profit figures.

## Operating Results:

(Rs. In Million)

	2017	2016
Sales	3,316	2,803
Gross profit	117	53
Operating expenses	105.59	114.56
Other income	15.40	17.95
Profit/(Loss) from operation	26.72	(43.99)
Finance cost	44.72	40.24
(Loss) before taxation	(18.00)	(84.23)
Provision for taxation	(32.39)	26.87
(Loss) after taxation	(50.39)	(111.10)
(Loss) per share (Rs.)	(5.83)	(12.86)

During the year under review energy situation was relatively stable and gas supplies were regular due to introduction of LNG. However this has have resulted in increased cost of gas and hence increase in unit cost of energy. We have been using a mix of WAPDA/Gas and Furnace Oil generation to meet our need. We have had to carry higher inventories during the year, resulting in increased financial charges. As usual the cotton crop has failed to meet the requirements of the domestic industry which has had to resort to heavy imports. We have converted our one unit to produce fine yarn only which has lead to lower costs.

## Statements on Corporate and Financial Reporting Frame Work

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- b) Proper books of account of the Company have been maintained;
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained;
- e) The System of Internal Control is sound in design and has been effectively implemented and monitored;
- f) There are no significant doubts upon the listed company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- h) Key operating and financial data of last six years in a summarized form is annexed.
- i) The following is the value of investment in respect of retirement benefit funds: Provident Fund: Rs. 167.867 Million (2016:Rs. 135.41 Million)
- j) All the statutory payments on account of taxes, duties, levies and charges have been made except those disclosed in financial statement.
- k) Four meetings of the Board of Directors were held during the year 2016-17. Attendance by each director was as under:

Sr. No.	Name of Director	No. Of Meetings Attended
1	Mr. Asif Bashir	3
2	Mr. Khalid Bashir	4
3	Mr. Muhammad Anwar	3
4	Mr. Muhammad Asif (NIT)	4
5	Mr. Khurram Mazhar Karim	3
6	Mr. Shahid Arshad	4
7	Mr. Sharik Bashir	3
8	Mr. Adil Bashir	-

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

#### Audit Committee

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee and five Audit Committee meetings were held

Sr. No.	Name of Members	No. Of Meetings Attended
1	Mr. Muhammad Anwar	04
2	Mr. Asif Bashir	04
3	Mr. Khurram Mazhar Karim	04

(However, leave of absence was granted to the Members who could not attend the Meeting(s) due to preoccupations)

#### Human Resource & Remuneration Committee

The Board of Directors in compliance to the Code of Corporate Governance has established an Human Resource & Remuneration Committee and the following directors are its members:

Sr. No.	Name of Members	
1.	Mr. Asif Bashir	Chairman
2.	Mr. Muhammad Anwar	Member
3.	Mr. Khurram Mazhar Karim	Member

#### Directors' Training Programme:

Five Directors out of seven are exempt from Directors' Training Programme due to 14 years of education and 15 years of experience on the Board of listed

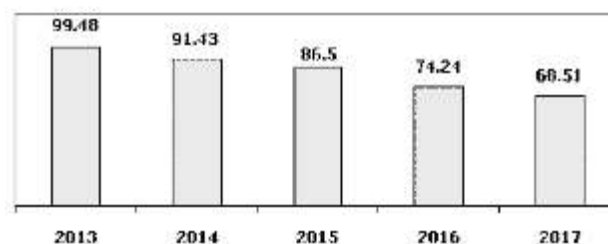
companies. Remaining directors will undergo Directors' Training Programme within the time allowed by CCG.

#### Investor Value

During the year under review the Company suffered a loss therefore the Board of Directors has not recommended any dividend (2016: Nil).

The Break-up value per share for the year is Rs. 68.51/- (2016: Rs. 74.24/-)

Break-up Value (Rupees)



#### Directors

Election of Directors was held on May 30, 2017 and 6 directors re-elected and one new director elected unopposed whose term of office will expire on May 30, 2020.

The Board is pleased to inform that Mr. Khalid Bashir has been re-appointed by the new Board of Directors as the Chief Executive of the Company with effect from May 31, 2017 for a period of three years, Mr. Khalid Bashir is entitled a basic remuneration of Rs. 798,600/- per month and other terms and conditions will remain unchanged. The managerial remuneration is subject to a 10% annual increase and adjustment to related benefits effective from June 2017.

Furthermore the Board has also revised the basic managerial remuneration of Mr. Asif Bashir, Executive Director as Rs. 465,850/- per month and other terms and conditions will remain unchanged. The managerial remuneration is subject to a 10% annual increase and adjustment to related benefits effective from June 2017.

#### Auditors

As recommended by the Audit Committee, the present auditors M/s Riaz Ahmad & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

## Pattern of Shareholding

The pattern of shareholding, as required by section 236 of the Companies Ordinance 1984 and Code of Corporate Governance, is enclosed.

## Key Operating and Financial Data

The key operating and financial data for the last six years is annexed.

## Corporate Governance

Your Company has been complying with the rules of Securities and Exchange Commission of Pakistan and has implemented better internal control policies with more rigorous checks and balances.

## Future Outlook

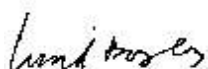
It is very difficult to accurately forecast the performance of your company during the coming period. There are a large number of unpredictable factors. As usual the cotton production figures cannot be assessed accurately. Similarly energy price pattern is difficult to predict. We continue to face stiff competition and although the Government has announced a textile package, no substantial improvement in export is evident.

Our huge finances continue to be tied up due to our failure to get refunds and rebates. Your Company is being run efficiently with regular balancing and modernization programming being implemented. We are also planning to improve our product mix with innovative products. Hopefully all this may results in improvements in sales and better prices. We are expecting improved operating margins during this period due to our vigorous efforts.

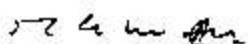
## Acknowledgements

On behalf of the Board of Directors, I would take this opportunity to thank all our partners and employees for their continued support. I would also take this opportunity to express my gratitude to the Board for their valuable insights and guidance.

For & On behalf of Board of Directors



Khalid Bashir  
Chief Executive



Muhammad Anwar  
Director

September 23, 2017  
Lahore

### شیر ہولڈنگ کا پیٹرن:

کمپنیز آرڈیننس 1984ء اور کوڈ آف کارپوریٹ گورننس کے سیکشن 236 کے تحت مطلوبہ شیر ہولڈنگ کا پیٹرن منسلک ہے۔

### کی آپریٹنگ اینڈ فنانشل ڈیٹا:

گزشتہ چھ سال کا آپریٹنگ اور فنانشل ڈیٹا منسلک کیا گیا ہے

### کارپوریٹ گورننس:

آپ کی کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے قوانین کی تعمیل کر رہی ہے اور منوٹر چیک اینڈ بیلنس کیساتھ بہتر انٹرنل کنٹرول پالیسیوں پر عمل کیا ہے۔

### فیوچر آؤٹ لک:

مستقبل کی ٹھیک پيشن گوئی کرنا بہت مشکل ہے۔ بہت سے ناگزیر عوامل اس پر اثر انداز ہوتے ہیں۔ اس طرح کپاس کی پیداوار کی بھی ٹھیک پيشن گوئی نہیں کی جاسکتی۔ اس طرح ایندھن کی قیمت کا اندازہ لگانا مشکل ہے۔ ہم مسلسل سخت مقابلہ کر رہے ہیں اگرچہ حکومت نے ٹیکسٹائل صنعت کیلئے سہولتیں دیا ہے۔ لیکن اس سے برآمدات میں کوئی خاص بہتری نہیں آئی اور درآمدی خرچہ میں چھوٹ اور ریفرنڈ نہ ملنے کی وجہ سے ہماری بڑی رقم پھنستی جا رہی ہے۔ ہم اپنی پیداوار بڑھانے کے لیے منصوبہ بندی کر رہے ہیں یہ سب عوامل سیل میں اضافہ اور بہتر قیمت میں مددگار ثابت ہوں گے۔ ہم اپنی انتھک محنت کی وجہ سے بہتر منافع کی توقع کرتے ہیں۔

### اظہار تشکر:

تمام بورڈ آف ڈائریکٹرز کی جانب سے میں تمام پارٹنرز اور ایمپلائز کا شکریہ ادا کرتا ہوں۔ میں بورڈ کی جانب سے مسلسل راہنمائی پر تہ دل سے مشکور ہوں

محمد انور

محمد انور  
ڈائریکٹر

خالد بشیر

خالد بشیر  
چیف ایگزیکٹو

23 ستمبر، 2017ء لاہور۔

## ہیومن ریسورس اینڈ ریمونزیشن کمیٹی

کارپوریٹ گورننس کے کوڈ کی تعمیل میں بورڈ آف ڈائریکٹرز نے ہیومن ریسورس اینڈ ریمونزیشن کمیٹی قائم کی ہے۔ جس کے ممبران درج ذیل ڈائریکٹرز ہیں۔

1	جناب آصف بشیر صاحب	چیئر مین
2	جناب محمد انور صاحب	ممبر
3	جناب خرم مظہر کریم صاحب	ممبر

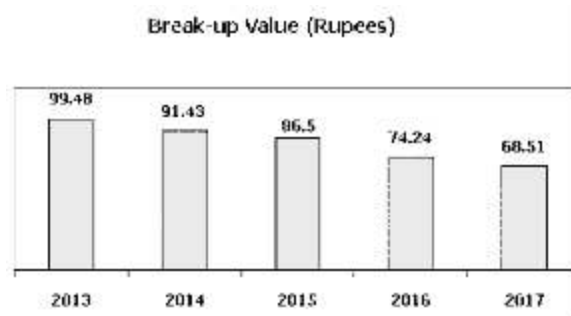
## ڈائریکٹرز بینگ پروگرام

کمپنی کے سات میں سے پانچ ڈائریکٹرز کو 14 سالہ تعلیمی اور 15 سالہ تجربہ لسطہ کمپنیوں کے بورڈز پر کی بنیاد پر استثنیٰ حاصل ہوگئی ہے۔ باقی ڈائریکٹرز ڈی۔ ٹی۔ پی پروگرام مقررہ وقت کے اندر کر لیں گے۔

## انویسٹریلیو

موجودہ سال کے دوران کمپنی نے نقصان برداشت کیا ہے جس کی وجہ سے ڈائریکٹرز کیش ڈیوڈنٹ کی سفارش نہیں کرتے۔

اس سال کیلئے فی شیئر بریک اپ ویلیو 68.51 روپے رہی (2016 : 74.24)۔



## ڈائریکٹرز:

ڈائریکٹرز کے الیکشن 30 مئی 2017ء کو ہوئے اور چھ ڈائریکٹرز دوبارہ اور ایک نیا ڈائریکٹر بلا مقابلہ کامیاب ہوئے اور ان کی مدت اختتام 30 مئی 2020ء ہوگی۔

بورڈ آپ کو بتاتا ہے کہ جناب خالد بشیر کو نئے بورڈ نے دوبارہ 31 مئی 2017ء کو 3 سال کیلئے چیف ایگزیکٹو بنایا ہے۔ جناب خالد بشیر کی بنیادی ماہانہ تنخواہ 798,600 روپے اور باقی شرائط و ضوابط میں کوئی تبدیلی نہیں اور ہر سال اس میں 10 فیصد اضافہ ہوگا اور جون 2017ء سے نافذ العمل ہوگا۔ اس کے علاوہ بورڈ نے جناب آصف بشیر کی بنیادی ماہانہ تنخواہ 465,850 روپے کر دی ہے اور باقی شرائط و ضوابط میں کوئی تبدیلی نہیں اور ہر سال اس میں 10 فیصد اضافہ ہوگا اور جون 2017ء سے نافذ العمل ہوگا۔

## آڈیٹرز:

آڈٹ کمیٹی کی تجویز کے مطابق موجودہ آڈیٹرز میسرز ریاض احمد اینڈ کمپنی، ریٹائرڈ چارٹرڈ اکاؤنٹنٹس دوبارہ بھرتی کیلئے اپلائی کرنے کے اہل ہیں۔

### کارپوریٹ اور فنانشل رپورٹنگ فریم ورک پر بیانات

- (a) کمپنی کی انتظامیہ کی جانب سے فنانشل سٹیٹمنٹ، تمام معاملات کو واضح کرتے ہیں جیسے سرگرمیوں کے نتائج، رقم کی آمدورفت اور کاروباری کاروباری سرمایہ میں ہونے والی تبدیلیاں۔
- (b) کمپنی کی باقاعدہ بکس آف اکاؤنٹس برقرار رکھی گئی ہیں۔
- (c) فنانشل سٹیٹمنٹ کی تیاری کیلئے مسلسل مناسب اکاؤنٹس پالیسیاں اختیار کی گئی ہیں اور گوشوارے ہمیشہ انتہائی منطقی اور محتاط اندوزوں پر مشتمل ہوتے ہیں۔
- (d) فنانشل سٹیٹمنٹ بنانے کیلئے پاکستان میں رائج بین الاقوامی اکاؤنٹنگ معیارات کو ملحوظ خاطر رکھا گیا ہے اور کسی بھی قسم کے انحراف کی وضاحت کی گئی ہے۔
- (e) اندرونی نظام فعال ہے جس پر موثر طریقہ کار کے مطابق نگرانی اور عمل درآمد کیا جاتا ہے
- (f) کمپنی کی اہلیت کے معیار پر کوئی شک نہیں کیا جاسکتا
- (g) کمپنی میں ضابطہ برائے کاروباری نظم و نسق میں بیان کردہ ضابطوں کی کوئی واضح خلاف ورزی کی اطلاع سامنے نہیں آئی ہے
- (h) پچھلے چھ سالوں کے آپرینٹنگ اور فنانشل ڈیٹا کا خلاصہ منسلک ہے
- (i) ریٹائرمنٹ بینیفٹ فنڈ کے ذمے میں سرمایہ کاری درج ذیل ہے پروویڈنٹ فنڈ: 167.867 ملین روپے (2016: 135.41 ملین روپے)
- (j) ٹیکس ڈیوٹیوں، لیویز، اور چارجز کے سبب تمام تر قانونی ادائیگیاں کی جا چکی ہیں ماسوائے جو فنانشل سٹیٹمنٹ میں دیئے گئے ہیں۔
- سال 2016 تا 2017 کے دوران بورڈ آف ڈائریکٹرز کی چار میٹنگ ہوئیں۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

سیریل نمبر	ڈائریکٹر کا نام	میٹنگ میں حاضری کی تعداد
1	جناب آصف بشیر صاحب	03
2	جناب خالد بشیر صاحب	04
3	جناب محمد انور صاحب	03
4	جناب محمد آصف صاحب (این۔آئی۔ٹی)	04
5	جناب خرم مظہر کریم صاحب	03
6	جناب شہد ارشد صاحب	04
7	جناب شارق بشیر صاحب	03
8	جناب عادل بشیر	--

تاہم غیر حاضری کی رخصت ان ڈائریکٹروں کو دی گئی جو کسی وجہ سے میٹنگ میں حاضر نہیں ہو سکتے تھے

### آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل کیلئے بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کا قیام کیا ہے اور درج ذیل ڈائریکٹرز اسکے ممبر ہیں۔ اب تک پانچ آڈٹ کمیٹی میٹنگ ہوئی ہیں۔

سیریل نمبر	ممبر کا نام	میٹنگ میں حاضری کی تعداد
1	جناب محمد انور صاحب	04
2	جناب آصف بشیر صاحب	04
3	جناب خرم مظہر کریم صاحب	04

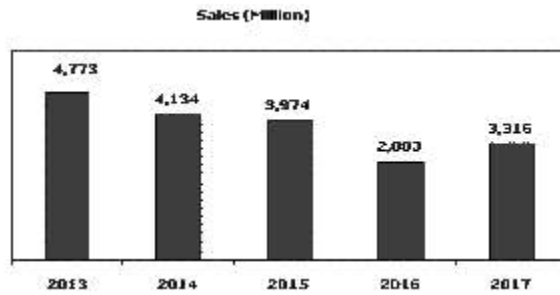
تاہم غیر حاضری کی رخصت ان ڈائریکٹروں کو دی گئی جو کسی وجہ سے میٹنگ میں حاضر نہیں ہو سکتے تھے

## ڈائریکٹر رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2017ء کے اختتام پر کمپنی کی فنانشل اور آپریٹنگ پرفارمنس پیش کرتا ہوں۔ بد قسمتی سے کچھ عوامل کی وجہ سے ٹیکسٹائل کی صنعت نے اچھا پرفارم نہیں کیا۔ دوسرے بڑے سپلائرز کے مقابلے میں غیر ساقبتی حالات اہم عوامل ہیں۔ آپ کی کمپنی مسلسل نقصان برداشت کر رہی ہے۔ تاہم اس سال نقصان 50.39 ملین روپے ہے۔ تاہم یہ پہلے سالوں کے مقابلے میں بہتر ہے۔ لیکن منافع حاصل کرنے کے لیے ابھی بہت کچھ کرنا باقی ہے۔

## مالیاتی نتائج:

دوران سال کمپنی کی فروخت 18 فیصد بڑھ کر 2,803 ملین روپے سے 3,316 ملین روپے ہو گئی ہے۔



برآمدات 1,056 ملین روپے سے کم ہو کر 671 ملین روپے ہیں۔ جس کی وجہ ہمارے روایتی خریداروں کی طرف سے طلب میں کمی اور دوسرے فروخت کنندگان کا مقابلہ نہ کرنے کی صلاحیت میں کمی ہے۔ جس نے ہمارے منافع کو ختم کر دیا۔ ہم ہر ممکن طور پر اخراجات کو کم کرنے کی کوشش کر کے لاگت کو کم کر رہے ہیں۔

دوران سال LNG کی وجہ سے صنعت کو گیس ملتی رہی اور پہلے سالوں کے مقابلے میں توانائی کی صورتحال بہتر رہی۔ تاہم اس سے پیداواری خرچہ میں اضافہ ہوا۔ ہم نے اپنی ضرورت پوری کرنے کے لیے بجلی، گیس اور فرنس آئل استعمال کیا۔ حالیہ سال سٹاک میں اضافہ ہوا جس کی وجہ سے فنانشل خرچہ میں اضافہ ہوا۔ ہمیشہ کی طرح اس سال بھی کپاس کی فصل ہماری ضرورت پوری نہ کر سکی جس کی وجہ سے کپاس در آمد کرنی پڑی۔

ہم اپنے ایک یونٹ سے اچھا دھاگہ بنا رہے ہیں جس کی وجہ سے لاگت کم ہوئی ہے۔

(مبلغ: ملین میں)

2017	2016	
3,316	2,803	سیلز
117	53	خام منافع
105.59	114.56	آپریٹنگ خرچہ
15.40	17.95	دیگر آمدنی
26.72	(43.99)	آپریٹنگ منافع / (نقصان)
44.72	40.24	فنانشل خرچہ
(18.00)	(84.23)	ٹیکسیشن
(32.39)	26.87	ٹیکسیشن کے لیے پروویژن
(50.39)	(111.10)	ٹیکسیشن کے بعد (نقصان)
(5.83)	(12.86)	نی شیئر (نقصان) روپے

## FINANCIAL SUMMARY

For the year ended June 30, 2017

rupees in '000's	2017	2016	2015	2014	2013	2012
Net Sales	3315,682	2,802,613	3,973,517	4,133,696	4,773,213	4,198,758
Cost of sales	3,198,776	2,749,993	3,830,891	3,998,814	4,169,070	3,859,588
Gross Profit	116,906	52,620	142,626	134,882	604,143	339,170
Distribution cost	36,607	58,220	62,943	71,188	166,241	88,905
Administrative expenses	57,325	53,713	50,970	48,877	46,644	44,559
Other expenses	11,654	2,627	294	5,000	40,904	6,167
	105,586	114,560	114,207	125,065	253,789	139,631
	11,320	(61,940)	28,419	9,817	350,354	199,539
Other income	15,399	17,951	22,974	24,595	16,941	8,230
Operating Profit / (Loss)	26,719	(43,989)	51,393	34,412	367,295	207,769
Finance cost	44,721	40,240	69,531	72,098	54,481	123,019
(Loss) / Profit before taxation	(18,002)	(84,229)	(18,138)	(37,686)	312,814	84,750
Taxation	32,390	26,869	34,988	17,952	28,690	42,402
(Loss) / Profit after taxation	(50,392)	(111,098)	(53,126)	(55,638)	284,124	42,348
Performance Ratio						
Gross Profit Margin (%)	3.53	1.88	3.59	3.26	12.66	8.08
Fixed Assets Turnover	3.22	2.64	4.18	4.32	5.68	5.12
Return on capital employed (%)	(7.82)	(14.90)	(5.98)	(5.54)	29.18	6.35
Return on equity (%)	(8.53)	(17.46)	(7.21)	(7.15)	33.40	7.39
Operating Profit Margin (%)	0.34	(2.21)	0.72	0.24	7.34	4.75
Net Profit Margin (%)	(1.52)	(3.96)	(1.34)	(1.35)	5.95	1.01
(Loss) / Earning per share (Rupees)	(5.83)	(12.86)	(6.15)	(6.44)	32.88	4.90
Working Capital Ratios						
Debtors Turn Over Ratio	37.77	24.89	25.91	23.10	28.16	34.76
Debtors in no of Days	9.66	14.66	14.09	15.80	12.96	10.50
Stock Turn Over Ratio	5.42	6.55	10.13	8.65	10.69	6.69
Stock in no of Days	67.34	55.76	36.04	42.21	34.13	54.59
Liquidity Ratio						
Current Ratio	0.77	0.81	0.80	0.89	1.20	0.86
Quick Ratio	0.27	0.27	0.43	0.32	0.48	0.29
Interest Cover Ratio	(2.48)	(0.48)	(3.83)	(1.91)	0.17	1.45
Financial Performance Ratio						
Gearing Ratio	08:92	13:87	15:85	21:79	11:89	13:87
Break-up value per share ( Rupees )	68.51	74.24	86.50	91.43	99.48	66.82
Dividend per share	-	-	-	-	3.00	1.25
Price to Book Value	0.39	0.30	0.36	0.50	0.60	0.15
Total Assets	1,854,355	2,013,577	1,632,013	2,080,193	1,624,731	1,482,013
Current Assets	921,751	1,016,169	586,535	954,306	769,866	692,192
Current Liabilities	1,201,212	1,261,469	737,537	1,066,314	641,698	808,671
Operating Fixed Assets	932,604	997,408	1,045,478	1,125,887	854,865	789,821
Long Term Debts	52,670	104,234	141,409	214,537	114,271	89,109
Share holders' Equity	591,951	641,448	747,361	789,928	859,524	577,346

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 50<sup>th</sup> Annual General Meeting of the shareholders of Shams Textile Mills Limited will be held on Wednesday, October 25, 2017 at 9:00 a.m at the Registered Office, 7-B III, Aziz Avenue, Gulberg V, Lahore to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' reports thereon for the year ended June 30, 2017.
2. To appoint auditors of the Company and fix their remuneration. The present auditor M/s Riaz Ahmad & Company, Chartered Accountants retires and offers themselves for re-appointment.
3. To transact any other business with the permission of the Chair

By Order of the Board

Lahore  
October 03, 2017

Hashim Tariq  
Company Secretary

### BOOK CLOSURE:

The Members' Register will remain closed from October 19, 2017 to October 25, 2017 (both day inclusive)

### NOTES:

1. Transfer received in order at the Registered Office by the close of business hours on Wednesday, October 18, 2017 will be treated in time.
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. Proxy in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time for holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular no. 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for attending the meeting:
  - i. In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account, and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original National Identity Card (NIC) or passport at the time of attending the meeting. The shareholders registered on CDS are also requested to bring their Participant ID numbers and account numbers in CDS.
  - ii. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.
4. Shareholders are requested to immediately notify the change in their address, if any and send us the attested copy of Computerized National Identity Card.

#### For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and whose registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original National Identity Card (NIC) or passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

#### For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and whose registration details are uploaded as per the Regulations, shall submit the proxy form as per above requirement
- ii. Attested copies of valid CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- iii. The proxy shall produce his/her original valid CNIC or original passport at the time of the meeting.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be produced (unless it has been provided earlier) at the time of meeting.

### Deduction of Tax on Dividend Income – Finance Act, 2017

It is hereby informed that pursuant to the Finance Act, 2017, effective from July 1, 2016, the rate of withholding tax under Section 150 of the Income Tax Ordinance, 2001 on dividend income has been segregated as follows:

- i) Rate of tax deduction on dividend income for filer of income tax return 12.5%
- ii) Rate of tax deduction of dividend income for non filer of income tax return 20.0%

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

Name	Folio No./ CDC Account No.	National Tax No.	CNIC No. (for individual only) enclose a copy of valid CNIC, if not already provided

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

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 ( in case your shareholding is in Physical Form):.

Name of Shareholders \_\_\_\_\_  
 Folio / CDS Account No. \_\_\_\_\_  
 Title of Bank Account \_\_\_\_\_  
 International Bank Account Number (IBAN) "Mandatory" \_\_\_\_\_  
 Bank's Name \_\_\_\_\_  
 Branch Name and address \_\_\_\_\_  
 CNIC No. \_\_\_\_\_  
 Cell number of shareholders \_\_\_\_\_  
 Landline number of shareholders, if any \_\_\_\_\_  
 Email \_\_\_\_\_

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).

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

Further please send this information to our registrar:

CorpTec Associated (Pvt) Limited  
 503-E, Johar Town, Lahore.  
 Ph. 042-35170335-37  
 Fax. 042-35170338  
 Email: info@corptec.com.pk

## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of SHAMS TEXTILE MILLS LIMITED ("the Company") for the year ended 30 June 2017 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company personnel and reviews of various documents prepared by the Company to comply with the Code.

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.

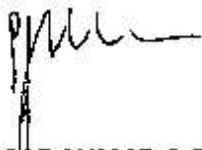
The Code requires the Company to place before the Audit Committee and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

- (i) Composition of Audit Committee is not as per the requirements of clause 5.19.16(a) of the Code as one of the members of the audit committee is an executive director. Further, Audit Committee does not include an independent director.

Based on our review, except for the above instance of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2017.

Further, as stated in paragraph no. 1 of the Statement of Compliance, there is no independent director on the Board of Directors of the Company which is required by clause 5.19.1(b) of the Code.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Name of engagement partner:  
Sarfraz Mahmood

Date: September 23, 2017

LAHORE

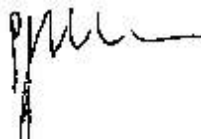
## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of SHAMS TEXTILE MILLS LIMITED as at 30 June 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the repealed Companies Ordinance, 1984;
- (b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, 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 2017 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Name of engagement partner:  
Sarfraz Mahmood

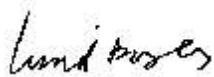
Date: September 23, 2017

LAHORE

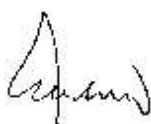
BALANCE SHEET  
AS AT JUNE 30, 2017

	Note	2017 (Rupees in thousands)	2016
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital			
25,000,000 (2016: 25,000,000) ordinary shares of Rupees 10 each		250,000	250,000
Issued, subscribed and paid-up share capital	3	86,400	86,400
Reserves	4	730,095	729,200
Accumulated loss		(224,544)	(174,152)
<b>Total equity</b>		<b>591,951</b>	<b>641,448</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	52,670	104,234
Deferred income tax liability	6	8,522	6,426
		61,192	110,660
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	625,199	600,039
Accrued mark-up	8	8,279	6,243
Short term borrowings	9	499,902	582,060
Current portion of long term financing	5	67,832	73,127
		1,201,212	1,261,469
<b>Total liabilities</b>		<b>1,262,404</b>	<b>1,372,129</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,854,355</b>	<b>2,013,577</b>

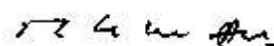
The annexed notes form an integral part of these financial statements.



Chief Executive

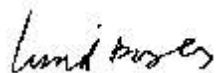


Chief Financial Officer

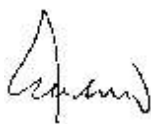


Director

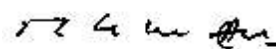
	Note	2017 (Rupees in thousands)	2016
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	931,028	995,832
Long term security deposits	12	1,576	1,576
		932,604	997,408
<b>CURRENT ASSETS</b>			
Stores, spare parts	13	47,411	42,428
Stock-in-trade	14	551,596	628,707
Trade debts	15	90,437	85,118
Advances	16	4,797	47,859
Short term prepayments		-	5,026
Other receivables	17	9,868	1,663
Short term investments	18	65,218	64,323
Sales tax refundable		77,555	53,381
Taxation - net	19	70,261	78,847
Cash and bank balances	20	4,608	8,817
		921,751	1,106,169
<b>TOTAL ASSETS</b>		<b>1,854,355</b>	<b>2,013,577</b>



Chief Executive



Chief Financial Officer

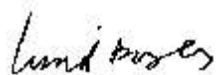


Director

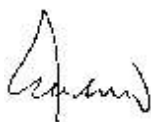
PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 (Rupees in thousands)	2016
REVENUE	21	3,315,682	2,802,613
COST OF SALES	22	(3,198,776)	(2,749,993)
GROSS PROFIT		116,906	52,620
DISTRIBUTION COST	23	(36,607)	(58,220)
ADMINISTRATIVE EXPENSES	24	(57,325)	(53,713)
OTHER EXPENSES	25	(11,654)	(2,627)
		(105,586)	(114,560)
		11,320	(61,940)
OTHER INCOME	26	15,399	17,951
PROFIT / (LOSS) FROM OPERATIONS		26,719	(43,989)
FINANCE COST	27	(44,721)	(40,240)
LOSS BEFORE TAXATION		(18,002)	(84,229)
TAXATION	28	(32,390)	(26,869)
LOSS AFTER TAXATION		(50,392)	(111,098)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	29	(5.83)	(12.86)

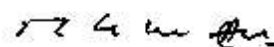
The annexed notes form an integral part of these financial statements.



Chief Executive



Chief Financial Officer

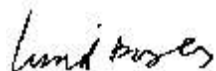


Director

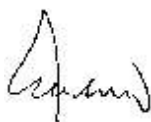
STATEMENT OF COMPREHENSIVE INCOME  
For The Year Ended JUNE 30, 2017

	2017 (Rupees in thousands)	2016 (Rupees in thousands)
LOSS AFTER TAXATION	(50,392)	(111,098)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Surplus arising on remeasurement of available for sale investments	895	5,185
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(49,497)</b>	<b>(105,9013)</b>

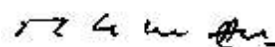
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Chief Executive



Chief Financial Officer



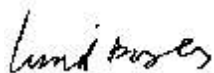
Director

## CASH FLOW STATEMENT

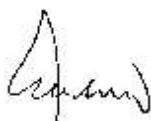
For The Year Ended JUNE 30, 2017

	Note	2017 (Rupees in thousands)	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (utilized in) operations	30	208,262	(306,485)
Finance cost paid		(42,685)	(39,598)
Income tax paid		(21,708)	(42,504)
Net cash generated from / (used in) operating activities		143,869	(388,587)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(24,418)	(41,582)
Proceeds from sale of property, plant and equipment		13,884	4,106
Dividends received		1,539	1,545
Net cash used in investing activities		(8,995)	(35,931)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(73,127)	(73,127)
Proceeds from long term financing		16,268	35,952
Short term borrowings - net		(82,158)	466,115
Dividend paid		(66)	(23)
Net cash (used in) / from financing activities		(139,083)	428,917
Net (decrease) / increase in cash and cash equivalents		(4,209)	4,399
Cash and cash equivalents at the beginning of the year		8,817	4,418
Cash and cash equivalents at the end of the year	20	4,608	8,817

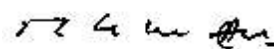
The annexed notes form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2017

	RESERVES							Accumulated Loss	TOTAL EQUITY
	CAPITAL		REVENUE		TOTAL RESERVES				
	Premium on issue of right shares	Fair value reserve	Sub Total	General reserve					
	(Rupees in thousands)								
Balance as at 30 June 2015	86,400	37,615	124,015	600,000	724,015	(63,054)	747,361		
Loss for the year	-	-	-	-	-	(111,098)	(111,098)		
Other comprehensive income for the year	-	5,185	5,185	-	5,185	-	5,185		
Total comprehensive loss for the year	-	5,185	5,185	-	5,185	(111,098)	(105,913)		
Balance as at 30 June 2016	86,400	42,800	129,200	600,000	729,200	(174,152)	641,448		
Loss for the year	-	-	-	-	-	(50,392)	(50,392)		
Other comprehensive income for the year	-	895	895	-	895	-	895		
Total comprehensive loss for the year	-	895	895	-	895	(50,392)	(50,392)		
Balance as at 30 June 2017	86,400	43,695	130,095	600,000	730,095	(224,544)	591,951		

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

*Amal Kishor*

Chief Executive

*Adarsh*

Chief Financial Officer

*S. S. S. S.*

Director

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 1. THE COMPANY AND ITS OPERATIONS

Shams Textile Mills Limited ("the Company") is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. Its registered office is situated at 7-B-III, Aziz Avenue, Gulberg V, Lahore. The Company is engaged in the business of manufacturing, sale and trading of yarn and trading of cloth.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 2.1 Basis of preparation

##### a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 17 of 2017 and its press release dated 20 July 2017 has clarified that the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Company's operations and has also enhanced the definition of related parties.

##### b) Accounting convention

These financial statements have been prepared under the historical cost convention except for the certain financial instruments carried at fair value.

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

##### Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

##### Taxation

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

##### Future estimation of export sales

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

##### Provision for doubtful debts

The Company reviews its receivables against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

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

The following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2016:

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

reflect a reduction of the future economic benefits embodied in the asset.

IAS 34 (Amendments) 'Interim Financial Reporting' (effective for annual periods beginning on or after 01 January 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

There are other amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2016 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, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2017 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. IFRS 15 replaces IAS 11 'Construction Contracts', IAS 18 'Revenue', IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for Construction of Real Estate', IFRIC 18 'Transfer of Assets from Customers' and SIC 31 'Revenue-Barter Transactions Involving Advertising Services'. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

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

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Company's financial statements.

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

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments will result in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have significant impact on Company's 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 2017 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

### 2.2 Property, plant and equipment

#### Owned

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.

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 profit and loss account during the period in which they are incurred.

Depreciation is charged to profit and loss account applying the reducing balance method so as to write off the cost of the assets over their estimated useful life at the rates given in note 11.1 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 profit and loss account in the year the asset is de-recognized.

#### Leased

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to profit and loss account over the lease term.

Depreciation on assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation on the leased assets is charged to profit and loss account.

### 2.3 Impairment

#### a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

#### b) Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to the profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

### 2.4 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is measured initially at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investments in associates (with significant influence), which are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

Investments in associates - (with significant influence)

Investments in associates over which the Company has significant influence are accounted for using the equity method. In case of investments

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

accounted for under the equity method, the method is applied from the date when significant influence is established until the date when that significant influence ceases.

### Available for sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in profit and loss account. These are sub-categorized as under:

### Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

### Un-quoted

Investments in unquoted equity instruments are stated at cost less any identified impairment loss.

## 2.5 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, spare parts and loose tools

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.

## 2.6 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount being the fair value. Provision is made against debts considered doubtful on a review of all outstanding amounts at the year end. Bad debts are written off when considered irrecoverable.

## 2.7 Taxation

### Current

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

### Deferred

Deferred tax is accounted for using the balance sheet 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 balance sheet date. Deferred tax is charged or credited in the profit and loss account, 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.

## 2.8 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.

## 2.9 Borrowing cost

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

## 2.10 Share capital

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

## 2.11 Trade and other payables

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

## 2.12 Provisions

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 2.13 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long term financing, short term borrowings, accrued mark-up and trade and other payables, etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for 'financial instrument at fair value through profit or loss' which is measured initially at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item and in the accounting policy of investments.

### 2.14 Offsetting of financial assets and financial liabilities

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

### 2.15 Derivative financial instruments

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

### 2.16 Foreign currencies

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are included in the profit and loss account currently.

### 2.17 Employee benefits

#### Defined contribution plan

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

#### Compensated absences

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

### 2.18 Borrowings

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 profit and loss account over the period of the borrowings using the effective interest method.

### 2.19 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from sale of goods is recognized on dispatch of goods to customers.
- Dividend on equity investments is recognized when right to receive dividend is established.
- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

### 2.20 Government grants

Government grants are recognized when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

### 2.21 Dividend and other appropriations

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

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

2017 (NUMBER OF SHARES)		2016 (RUPEES IN THOUSAND)	
7,510,000	7,510,000	Ordinary shares of Rupees 10 each fully paid in cash	75,100
1,130,000	1,130,000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	11,300
8,640,000	8,640,000		86,400
		2017 (NUMBER OF SHARES)	
3.1 Ordinary shares of the Company held by associated companies:			
Premier Insurance Limited		399,000	399,000
The Crescent Textile Mills Limited		812,160	812,160
Crescent Powertec Limited		1,697,605	-
		2,908,765	1,211,160

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

	2017 (Rupees in thousand)	2016
4. RESERVES		
Composition of reserves is as follows:		
Capital		
Premium on issue of right shares (Note 4.1)	86,400	86,400
Fair value reserve (Note 4.2)	43,695	42,800
	130,095	129,200
Revenue		
General reserve	600,000	600,000
	730,095	729,200

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

4.2 This represents unrealized gain on remeasurement of available for sale investments at fair value and is not available for distribution. This will be transferred to profit and loss account on realization.

	2017 (Rupees in thousand)	2016
5. LONG TERM FINANCING		
Secured		
Financing from banking companies (Note 5.1)	120,502	177,361
Less: Current portion shown under current liabilities	67,832	73,127
	52,670	104,234

## 5.1 Financing from banking companies

LENDER	2017	2016	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
(Rupees in thousands)							
Allied Bank Limited	62,500	112,500	3 month KIBOR + 2%	Sixteen equal quarterly installments commencing on 06 November 2014 and ending on 05 August 2018.	Quarterly	Quarterly	First pari passu charge over fixed assets of the company amounting to Rupees 533.340 million and first joint pari passu Charge over all current assets of the Company amounting to Rupees 275 million alongwith personal guarantees of directors.
MCB Bank Limited	5,782	28,909	3 month KIBOR + 2.5%	Sixteen equal quarterly installments commenced on 20 December 2013 and ending on 20 September 2017.	Quarterly	Quarterly	Ranking charge of Rupees 134 million over present and future current assets of the Company and personal guarantees of directors.
MCB Bank Limited	52,220	35,952	SBP Rate for LTFF +2.5%	One hundred and twelve un-equal quarterly Instalments commencing on 13 September 2017 and ending on 17 August 2021.	-	Quarterly	First pari passu charge over all present and future plant and machinery of the company amounting to Rupees 134.340 million and personal guarantees Of Chief Executive and one director of the Company
	120,502	177,361					

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

	2017 (Rupees in thousand)	2016
<b>6. DEFERRED INCOME TAX LIABILITY</b>		
The liability for deferred income tax originated due to timing differences relating to:		
Taxable temporary difference		
Accelerated tax depreciation	87,986	90,603
Deductible temporary differences		
Available tax losses	(59,340)	(65,973)
Turnover tax carried forward	(12,611)	(12,611)
Provision for doubtful debts	(1,774)	(1,759)
Provision for slow moving and obsolete items	(5,739)	(3,834)
	(79,464)	(84,177)
	8,522	6,426
<b>7. TRADE AND OTHER PAYABLES</b>		
Creditors (Note 7.1)	303,596	320,180
Advances from customers	10,758	40,039
Accrued liabilities	223,444	173,143
Due to related party - unsecured, interest free and repayable on demand	69,625	48,355
Retention money payable - interest free	590	1,590
Excise duty payable (Note 7.2)	5,184	5,184
Income tax deducted at source	1,787	1,739
Payable to employees' provident fund trust	807	335
Workers' welfare fund payable	5,557	5,557
Unclaimed dividend	3,851	3,917
	625,199	600,039
7.1 These include Rupees 8.464 million (2016: Rupees 12.270 million) due to associated companies.		
7.2 This represents provision made on account of central excise duty on loans in respect of which decision of the case is pending before the Honourable Supreme Court of Pakistan.		
<b>8. ACCRUED MARK-UP</b>		
Long term financing	1,667	2,325
Short term borrowings	6,612	3,918
	8,279	6,243
<b>9. SHORT TERM BORROWINGS</b>		
From banking companies - Secured		
Running finances (Note 9.1 and 9.2)	138,818	76,474
Cash finances (Note 9.1 and 9.3)	181,084	115,805
Other short term borrowings (Note 9.1 and 9.4)	180,000	389,781
	499,902	582,060
9.1 These finances are obtained from banking companies under mark up arrangements and are secured against first joint pari passu hypothecation charge on all current assets of the Company and pledge of stocks. These form part of total credit facilities of Rupees 718.66 million (2016: Rupees 924.56 million).		
9.2 The rate of mark-up ranges from 7.05% to 8.81% (2016: 7.35% to 8.23%) per annum on the balance outstanding.		

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

9.3 The rate of mark-up ranges from 7.20% to 7.28% (2016: 7.25% to 8.82%) per annum on the balance outstanding.

9.4 The rate of mark-up ranges from 1.50% to 6.68% (2016: 1.50% to 6.73%) per annum on the balance outstanding.

10. CONTINGENCIES AND COMMITMENTS

a) Contingencies

Bank guarantees of Rupees 69.596 million (2016: Rupees 69.596 million) are given by the banks of the Company in favour of Sui Northern Gas Pipelines Limited against gas connections, Lahore Electric Supply Company Limited (LESCO) and Faisalabad Electric Supply Company Limited (FESCO) against electricity connections and Director Excise and Taxation, Karachi against infrastructure cess.

b) Commitments

i) Contracts for capital expenditures amounted to Rupees Nil (2016: Rupees 17.908 million).

ii) Letters of credit for other than capital expenditures amounted to Rupees 6.042 million (2016: Rupees 91.171 million).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

	2017 (Rupees in thousands)	2016 (Rupees in thousands)
<b>11. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets Owned (Note 11.1)	879,749	946,403
Capital work-in-progress (Note 11.2)	51,279	49,429
	931,028	995,832

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

	Freehold land	Factory building on freehold Land	Residential and other building on freehold land	Plant and machinery	Electric & sui gas Installations	Factory equipment	Furniture, fixtures and fittings	Vehicles	Total
(Rupees in thousands)									
At 30 June 2015	3,192	298,459	72,581	1,581,752	47,199	2,608	900	32,557	2,039,248
Cost	-	(76,612)	(21,731)	(892,663)	(26,305)	(2,005)	(552)	(19,733)	(1,039,601)
Accumulated depreciation	3,192	221,847	50,850	689,089	20,894	603	348	12,824	999,647
Net book value									
Year ended 30 June 2016									
Opening net book value	3,192	221,847	50,850	689,089	20,894	603	348	12,824	999,647
Additions	-	-	-	29,749	-	-	-	6,659	36,408
Disposals:									
Cost	-	-	-	-	-	-	-	(5,490)	(5,490)
Accumulated depreciation	-	-	-	-	-	-	-	4,150	4,150
Depreciation charge	-	(11,092)	(2,542)	(69,190)	(2,089)	(60)	(35)	(1,340)	(1,340)
Closing net book value	3,192	210,755	48,308	649,648	18,805	543	313	14,839	946,403
At 30 June 2016									
Cost	3,192	298,459	72,581	1,611,501	47,199	2,608	900	33,726	2,070,166
Accumulated depreciation	-	(87,704)	(24,273)	(961,853)	(28,394)	(2,065)	(587)	(18,887)	(1,123,763)
Net book value	3,192	210,755	48,308	649,648	18,805	543	313	14,839	946,403
Year ended 30 June 2017									
Opening net book value	3,192	210,755	48,308	649,648	18,805	543	313	14,839	946,403
Additions	-	-	-	16,803	-	-	-	5,765	22,568
Disposals:									
Cost	-	-	-	(7,729)	-	-	-	(14,097)	(21,826)
Accumulated depreciation	-	-	-	6,780	-	-	-	10,714	17,494
Depreciation charge	-	(10,538)	(2,415)	(66,278)	(1,881)	(54)	(31)	(3,383)	(4,332)
Closing net book value	3,192	200,217	45,893	599,224	16,924	489	282	13,528	879,749
At 30 June 2017									
Cost	3,192	298,459	72,581	1,620,575	47,199	2,608	900	25,394	2,070,908
Accumulated depreciation	-	(98,242)	(26,688)	(1,021,351)	(30,275)	(2,119)	(618)	(11,866)	(1,191,159)
Net book value	3,192	200,217	45,893	599,224	16,924	489	282	13,528	879,749
Annual rate of depreciation (%)	-	5	5	10	10	10	10	20	20

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

11.1.1 Detail of operating fixed assets disposed of during the year is as follows:

Description	Qty	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser
(Rupees in thousand)								
Plant and machinery								
Marzoli Cards	5	916	906	10	775	765	Negotiation	Hassan Traders, Faisalabad
Crosrol Cards	4	6,813	5,874	939	1,880	941	Negotiation	A.I. Traders, Faisalabad
		7,729	6,780	949	2,655	1,706		
Vehicles								
Honda CG-125 LEK-15A - 3747	1	92	24	68	87	19	Insurance Claim	Premier Insurance Limited - associated company
Suzuki Alto FSP - 142	1	512	464	48	297	249	Negotiation	Mr. Ijaz Ahmad Faisalabad
Toyota Corolla FDX - 7513	1	867	715	152	575	423	Negotiation	Mr. Farzand Ali Abid, Faisalabad
Honda City LEF-12-390	1	1,540	971	569	1,350	781	Insurance Claim	Premier Insurance Limited - associated company
Land Cruiser SJ - 900	1	9,989	7,717	2,272	8,200	5,928	Negotiation	Mr. Waqar Ahmed, Lahore
Suzuki Swift LE-11-8036	1	1,097	823	274	720	446	Negotiation	Syed Waheed Shah, Lahore
		14,097	10,714	3,383	11,229	7,846		
		21,826	17,494	4,332	13,884	9,552		

	2017 (Rupees in thousand)	2016
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11.1.2 Depreciation charge for the year has been allocated as follows:

Cost of sales (Note 22)	81,166	89,974
Administrative expenses (Note 24)	3,724	3,338
	84,890	88,312

11.2 Capital work-in-progress

Building	50,879	47,135
Advance against purchase of vehicle	400	2,250
Letter of credit	-	44
	51,279	49,429

12. LONG TERM SECURITY DEPOSITS

These represents security deposits with utility companies against utility connections.

13. STORES, SPARE PARTS AND LOOSE TOOLS

Stores	34,584	7,382
Spare parts	46,097	57,453
	80,681	64,835
Less: Provision for slow moving and obsolete items (Note 13.1)	(33,270)	(22,407)
	47,411	42,428

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

	2017 (Rupees in thousand)	2016
13.1 Provision for slow moving and obsolete items		
Balance as on 01 July	22,407	23,040
Add: Provision made during the year (Note 25)	10,863	-
Less: Provision reversed during the year (Note 26)	-	(633)
Balance as on 30 June	33,270	22,407

## 14. STOCK-IN-TRADE

Raw materials	48,483	106,320
Work-in-process	33,878	27,855
Finished goods	460,547	486,405
Waste stock	8,688	8,127
	551,596	628,707

14.1 Stock-in-trade of Rupees 465.452 million (2016: Rupees 213.047 million) is being valued at net realizable value.

14.2 Stock in trade include stock in transit of Rupees Nil (2016: Rupees 154.804 million).

14.3 The carrying value of stock in trade pledged with banking companies against short term borrowings is Rupees 285.963 million (2016: Rupees 155.906 million). Detail of the corresponding borrowings are disclosed in note 9 to the financial statements.

14.4 The aggregate amount of write-down of inventories to net realizable value recognized during the year was Rupees 33.775 million (2016: Rupees 14.461 million)

	2017 (Rupees in thousand)	2016
15. TRADE DEBTS		
Considered good:		
Secured (against letters of credit)	-	-
Unsecured:		
- Suraj Cotton Mills Limited - associated company (Note 15.1)	1,270	101
- Others (Note 15.2)	89,167	85,017
	90,437	85,118
Considered doubtful:		
Others - Unsecured	10,282	10,282
Less: Provision for doubtful debts	(10,282)	(10,282)
	-	-

15.1 As at 30 June 2017, trade debts due from an associated company amounting to Rupees 1.270 million (2016: Rupees 0.101 million) were past due but not impaired. The age analysis of these trade debts is as follows:

	2017 (Rupees in thousand)	2016
Upto 1 month	1,225	9
1 to 6 months	37	62
More than 6 months	8	30
	1,270	101

15.2 As at 30 June 2017, trade debts due from other than related parties of Rupees 82.868 million (2016: Rupees 34.162 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

	2017 (Rupees in thousand)	2016
Upto 1 month	77,267	29,891
1 to 6 months	1,358	3,220
More than 6 months	4,243	1,051
	82,868	34,162

15.3 As at 30 June 2017, trade debts of Rupees 10.282 million (2016: Rupees 10.282 million) were impaired and provided for. The ageing of these trade debts was more than 3 years. These trade debts do not include amounts due from related parties.

## 16. ADVANCES

Considered good:

Advances to employees - interest free	727	701
Advances to suppliers	1,083	40,085
Letters of credit	2,987	7,073
	4,797	47,859

## 17. OTHER RECEIVABLES

Considered good:

Duty drawback receivable	9,868	-
Claims receivable	-	218
Others	-	1,445
	9,868	1,663

## 18. SHORT TERM INVESTMENTS

Available for sale

Associated companies - quoted (Note 18.1)

Crescent Jute Products Limited

12,476 (2016: 12,476) fully paid ordinary shares of Rupees 10 each. Equity held 0.053% (2016: 0.053 %)

	117	117
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Premier Insurance Limited

671,881 (2016: 610,802) fully paid ordinary shares of Rupees 10 each. Equity held 1.46% (2016: 1.46%)

	8,179	8,179
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Others - quoted

Crescent Cotton Mills Limited

166,784 (2016: 166,784) fully paid ordinary shares of Rupees 10 each.

	1,105	1,105
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Jubilee Spinning and Weaving Mills Limited

7,788 (2016: 7,788) fully paid ordinary shares of Rupees 10 each.

	32	32
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Crescent Fibres Limited

31,920 (2016: 31,920) fully paid ordinary shares of Rupees 10 each.

	316	316
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Crescent Spinning Mills Limited (Note 18.2 and 18.3)

208,800 (2016: 208,800) fully paid ordinary shares of Rupees 10 each.

	2,088	2,088
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

	2017 (Rupees in thousand)	2016
Samba Bank Limited 2,764,113 (2016: 2,764,113) fully paid ordinary shares of Rupees 10 each.	44,017	44,017
EFU Life Assurance Limited 98,800 (2016: 98,800) fully paid ordinary shares of Rupees 10 each.	32,493	32,493
Other - unquoted Crescent Modaraba Management Company (Private) Limited (Note 18.3) 193,000 (2016: 193,000) fully paid ordinary shares of Rupees 10 each.	1,930	1,930
	90,277	90,277
Less: Accumulated impairment loss	(68,754)	(68,754)
Add: Fair value adjustment	43,695	42,800
	65,218	64,323

18.1 These companies are associated due to common directorship.

18.2 The official liquidator has submitted the statement in the Lahore High Court for final liquidation of the company and the final decision is still awaited.

18.3 Full amount of impairment has been provided against investment in Crescent Spinning Mills Limited and Crescent Modaraba Management Company (Private) Limited.

	2017 (Rupees in thousand)	2016
19. TAXATION - NET		
Advance income tax	100,555	104,996
Less: Provision for taxation (Note 28)	(30,294)	(26,149)
	70,261	78,847
20. CASH AND BANK BALANCES		
Cash with banks:		
On deposit accounts (Note 20.1 and 20.2)	899	905
On current accounts	3,011	5,747
	3,910	6,652
Cash in hand	698	2,165
	4,608	8,817

20.1 Rate of profit on bank deposits was 3.50% (2016: ranged from 3.44% to 4.08%) per annum.

20.2 These include Rupees 0.769 million (2016: Rupees 0.769 million) deposited with IGI Investment Bank Limited on account of central excise duty. The Company cannot encash the amount deposited till the decision of the Court.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

	2017 (Rupees in thousand)	2016
<b>21. SALES</b>		
Export	671,356	1,055,784
Local sales (Note 21.1)	2,634,458	1,746,829
Duty draw back	9,868	-
	<b>3,315,682</b>	<b>2,802,613</b>
<b>21.1 Local sales</b>		
Sales	2,634,458	1,798,481
Less: Sales tax	-	51,652
	<b>2,634,458</b>	<b>1,746,829</b>
<b>22. COST OF SALES</b>		
Raw materials consumed (Note 22.1)	2,283,283	2,265,190
Salaries, wages and other benefits (Note 22.2)	239,757	225,856
Stores, spare parts and loose tools consumed	84,707	82,351
Packing materials consumed	61,123	64,394
Repair and maintenance	32,298	26,004
Fuel and power	385,613	335,887
Insurance	6,822	4,863
Other factory overheads	4,733	5,017
Depreciation (Note 11.1.2)	81,166	84,974
	<b>3,179,502</b>	<b>3,094,536</b>
Work-in-process		
Opening stock	27,855	26,581
Less: Closing stock	(33,878)	(27,855)
	<b>(6,023)</b>	<b>(1,274)</b>
Cost of goods manufactured	<b>3,173,479</b>	<b>3,093,262</b>
Finished goods and waste		
Opening stock	494,532	151,263
Less: Closing stock	(469,235)	(494,532)
	<b>25,297</b>	<b>(343,269)</b>
Cost of sales	<b>3,198,776</b>	<b>2,749,993</b>
<b>22.1 Raw materials consumed</b>		
Opening stock	106,320	33,705
Add: Purchased during the year	2,225,446	2,337,805
	<b>2,331,766</b>	<b>2,371,510</b>
Less: Closing stock	(48,483)	(106,320)
	<b>2,283,283</b>	<b>2,265,190</b>

22.2 Salaries, wages and other benefits include provident fund contribution of Rupees 4.028 million (2016: Rupees 4.039 million) by the Company.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

	2017 (Rupees in thousand)	2016
<b>23. DISTRIBUTION COST</b>		
Salaries and other benefits (Note 23.1)	1,232	2,148
Freight and forwarding - Export	20,566	34,095
Freight - Local	1,034	1,285
Commission to selling agents	13,775	20,692
	<b>36,607</b>	<b>58,220</b>

23.1 Salaries and other benefits include provident fund contribution of Rupees 0.044 million (2016: Rupees 0.075 million) by the Company.

	2017 (Rupees in thousand)	2016
<b>24. ADMINISTRATIVE EXPENSES</b>		
Salaries and other benefits (Note 24.1)	35,634	31,857
Directors' meeting fee	480	560
Rent, rates and taxes	2,715	2,578
Insurance	702	542
Travelling and conveyance	1,675	2,162
Vehicles' running	2,372	2,208
Entertainment	820	897
Legal and professional	2,089	2,420
Auditors' remuneration (Note 24.2)	850	850
Advertisement	101	34
Postage and telephone	1,324	1,694
Electricity and gas	1,229	938
Printing and stationery	486	1,035
Repair and maintenance	1,498	1,338
Fee and subscription	847	1,242
Depreciation (Note 11.1.2)	3,724	3,338
Miscellaneous	779	20
	<b>57,325</b>	<b>53,713</b>

24.1 Salaries and other benefits include provident fund contribution of Rupees 1.169 million (2016: Rupees 1.018 million) by the Company.

24.2 Auditors' remuneration

Audit fee	665	665
Half yearly review	115	115
Other certifications	50	50
Out-of-pocket expenses	20	20
	<b>850</b>	<b>850</b>

<b>25. OTHER EXPENSES</b>		
Exchange loss - net	791	2,627
Provision for slow moving and obsolete items (Note 13.1)	10,863	-
	<b>11,654</b>	<b>2,627</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

	2017 (Rupees in thousand)	2016
<b>26. OTHER INCOME</b>		
Income from financial assets		
Dividend income (Note 26.1)	1,539	1,545
Profit on deposits with banks	17	66
	1,556	1,611
Income from assets other than financial assets		
Gain on sale of property, plant and equipment	9,552	2,766
Reversal of provision for slow moving and obsolete items (Note 13.1)	-	633
Scrap sales	4,251	12,913
Rental income	40	28
	13,843	16,340
	15,399	17,951
<b>26.1 Dividend income</b>		
Premier Insurance Limited - associated company	-	509
EFU Life Assurance Limited	1,507	988
Crescent Fibers Limited	32	48
	1,539	1,545
<b>27. FINANCE COST</b>		
Mark-up on:		
Long term financing	11,281	15,854
Short term borrowings	31,075	19,264
Interest on employees' provident fund	18	34
Bank charges and commission	2,347	5,088
	44,721	40,240
<b>28. TAXATION</b>		
For the year		
Current tax (Note 28.1)	31,613	25,863
Deferred tax	2,096	720
Prior year		
Current tax	(1,319)	286
	32,390	26,869
28.1	The provision for current tax represents minimum tax on local sales, final tax on export sales and tax on income from other sources. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate has not been presented, being impracticable.	
28.2	The Company has carry forwardable tax losses of Rupees 197.800 million (2016: Rupees 212.816 million).	
	2017	2016
<b>29. LOSS PER SHARE - BASIC AND DILUTED</b>		
There is no dilutive effect on the basic loss per share which is based on:		
Loss attributable to ordinary shares	(Rupees in thousand)	(50,392)
Weighted average number of ordinary shares	(Numbers)	8,640,000
Loss per share	(Rupees)	(5.83)
		(12.86)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

	2017 (Rupees in thousand)	2016
<b>30. CASH (UTILIZED IN) / GENERATED FROM OPERATIONS</b>		
Loss before taxation	(18,002)	(84,229)
Adjustments for non-cash charges and other items:		
Depreciation	84,890	88,312
Gain on sale of property, plant and equipment	(9,552)	(2,766)
Dividend income	(1,539)	(1,545)
Provision for slow moving and obsolete items	10,863	-
Reversal of provision for slow moving and obsolete items	-	(633)
Finance cost	44,721	40,240
Working capital changes (Note 30.1)	96,881	(345,864)
	<b>208,262</b>	<b>(306,485)</b>
<b>30.1 Working capital changes</b>		
Decrease / (increase) in current assets:		
- Stores, spare parts	(15,846)	12,990
- Stock-in-trade	77,111	(417,158)
- Trade debts	(5,319)	54,970
- Advances	43,062	(14,722)
- Short term prepayments	5,026	(5,026)
- Other receivables	(8,205)	(1,553)
- Sales tax refundable	(24,174)	(32,563)
	71,655	(403,062)
Increase in trade and other payables	25,226	57,198
	<b>96,881</b>	<b>(345,864)</b>

**31. 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 follow:

	Chief Executive		Director		Executives	
	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)					
Managerial remuneration	8,785	7,986	5,124	4,659	4,101	4,592
Allowances						
House rent	3,953	3,594	2,306	2,096	1,846	2,066
Conveyance	-	-	-	-	302	316
Medical	-	-	-	-	283	306
Utilities	878	798	512	466	383	448
Other	-	-	-	-	38	112
Contribution to provident fund	527	479	308	279	246	275
	<b>14,143</b>	<b>12,857</b>	<b>8,250</b>	<b>7,500</b>	<b>7,199</b>	<b>8,115</b>
Number of persons	1	1	1	1	3	4

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

31.2 Non-executive directors of the Company were paid Rupees 0.480 million (2016: Rupees 0.560 million) as meeting fee.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

## 32. 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:

	2017 (Rupees in thousand)	2016
Associated companies		
Sale of goods and services	19,638	111,240
Insurance claim received	16,443	3,844
Purchase of goods and services	329	6,236
Purchase of operating fixed assets	-	500
Insurance premium	2,940	7,622
Rent expense	2,040	240
Dividend received	-	509
Electricity purchased	98,160	-
Sale of operating fixed assets	1,437	-
Other related parties		
Electricity purchased	-	201,488
Purchase of services	-	255
Rent expense	-	1,800
Company's contribution to employees' provident fund trust	5,241	5,132

## 33. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the provident fund for the year ended 30 June 2017 and 2016:

	2017 (Rupees in thousand)	2016
Size of the fund - Total assets	167,867	135,411
Fair value of investments	167,000	134,128
Percentage of investments made	99.48%	99.05%

33.1 The cost of above investments amounted to Rupees 88.171 million (2016: Rupees 92.882 million).

33.2 The break-up of fair value of investments is as follows:

	2017 Percentage	2016	2017 (Rupees in thousand)	2016
Mutual funds	82%	93%	136,765	124,755
Listed securities	6%	7%	10,211	9,373
Cash at bank	12%	0%	20,024	-
	100%	100%	167,000	134,128

33.3 As at the reporting date, the provident fund trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the rules formulated for this purpose in terms of SRO 770(1)/2016 issued by Securities and Exchange Commission of Pakistan on 17 August 2016 which allows transition period of two years for bringing the employees provident fund trust in conformity with the requirements of rules.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

	2017 (Rupees in thousand)	2016
34. NUMBERS OF EMPLOYEES		
Number of employees as on 30 June	1,008	954
Average number of employees during the year	981	1,126

35. FINANCIAL RISK MANAGEMENT

35.1 Financial risk factors

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

The Company is exposed to currency risk primarily with respect to the United States Dollar (USD). The Company's foreign exchange risk exposure is restricted to the amounts receivable from the foreign entities and short term borrowings. The Company's exposure to currency risk was as follows:

	2017	2016
Short term borrowings - USD	-	2,001,170
Accrued mark-up - USD	-	9,398
Net exposure - USD	-	(2,010,568)

The following significant exchange rates were applied during the year:

Rupees per US Dollar

	2017	2016
Average rate	104.73	101.23
Reporting date rate	105.00	104.70

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on loss after taxation for the year, would have been Rupees Nil respectively higher / lower (2016: Rupees 10.525 million respectively higher / lower) mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

## Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Company's loss after taxation for the year and on 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 loss after Taxation		Statement of comprehensive income (fair value reserve)	
	2017	2016	2017	2016

(RUPEES IN THOUSAND)

PSX 100 (5% increase)	-	-	3,216	3,216
PSX 100 (5% decrease)	-	-	(3,261)	(3,216)

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

## (iii) Interest rate risk

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

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

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

	2017	2016
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - deposit accounts	769	769
Financial liabilities		
Long term financing	52,220	-
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	130	136
Financial liabilities		
Long term financing	68,282	177,361
Short term borrowings	499,902	582,060

## 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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

constant, loss after taxation for the year, would have been Rupees 5.681 million (2016: Rupees 7.593 million) respectively 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:

	2017 (Rupees in thousand)	2016
Long term security deposits	1,576	1,576
Trade debts	90,437	85,118
Advances	727	701
Other receivables	-	1,663
Short term investments	65,218	64,323
Bank balances	3,910	6,652
	161,868	160,033

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

	Rating			2017	2016
	Short Term	Long Term	Agency	(Rupees in thousand)	
<b>Banks</b>					
National Bank of Pakistan	A1+	AAA	PACRA	541	27
MCB Bank Limited	A1+	AAA	PACRA	1,713	4,933
Faysal Bank Limited	A1+	AA	PACRA	827	833
Allied Bank Limited	A1+	AA+	PACRA	32	60
United Bank Limited	A1+	AAA	JCR-VIS	5	5
The Bank of Punjab	A1+	AA	PACRA	22	22
Bank Islami Pakistan Limited	A1	A+	PACRA	1	3
IGI Investment Bank Limited	A-3	BBB-	PACRA	769	769
				3,910	6,652
<b>Investments</b>					
Premier Insurance Limited		A	JCR-VIS	9,742	14,966
Samba Bank Limited	A1	AA	JCR-VIS	19,764	21,145
EFU Life Assurance Limited		AA+	JCR-VIS	27,170	19,365
Crescent Cotton Mills Limited		Not available		7,447	7,505
Crescent Fibres Limited		Not available		986	1,274
Crescent Jute Products Limited		Not available		61	35
Jubilee Spinning and Weaving Mills Limited		Not available		48	33
				65,218	64,323
				69,128	70,975

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 15.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

## (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 2017, the Company had Rupees 218.758 million (2016: Rupees 342.500 million) available borrowing limits from financial institutions and Rupees 4.608 million (2016: Rupees 8.817 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 2017

	Carrying Amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
(Rupees in thousand)						
Non-derivative financial liabilities:						
Long term financing	120,502	130,150	39,978	33,901	27,581	28,690
Trade and other payables	601,106	601,106	601,106	-	-	-
Accrued mark-up	8,279	8,279	8,279	-	-	-
Short term borrowings	499,902	509,052	509,052	-	-	-
	1,229,789	1,248,587	1,158,415	33,901	27,581	28,690

Contractual maturities of financial liabilities as at 30 June 2016

	Carrying Amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
(Rupees in thousand)						
Non-derivative financial liabilities:						
Long term financing	177,361	271,099	58,322	56,220	102,279	54,278
Trade and other payables	547,185	547,185	547,185	-	-	-
Accrued mark-up	6,243	6,243	6,243	-	-	-
Short term borrowings	582,060	592,916	592,916	-	-	-
	1,312,849	1,417,443	1,204,666	56,220	102,279	54,278

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 5 and note 9 to these financial statements.

## 35.2 Financial instruments by categories

	Loans and receivables	Available for sale	Total
(Rupees in thousand)			
Assets as per balance sheet			
As at 30 June 2016			
Long term security deposits	1,576	-	1,576
Trade debts	90,437	-	90,437
Loans and advances	727	-	727
Short term investments	-	65,218	65,218
Cash and bank balances	4,608	-	4,608
	97,348	65,218	162,566

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

	Loans and receivables	Available for sale	Total
(Rupees in thousand)			
As at 30 June 2016			
Long term security deposits	1,576	-	1,576
Trade debts	85,118	-	85,118
Advances	701	-	701
Other receivables	1,663	-	1,663
Short term investments	-	64,323	64,323
Cash and bank balances	8,817	-	8,817
	97,875	64,323	162,198
Financial liabilities at amortized cost			
	2017	2016	
(Rupees in thousand)			
Liabilities as per balance sheet			
Long term financing	120,502	177,361	
Trade and other payables	601,106	547,185	
Accrued mark-up	8,279	6,243	
Short term borrowings	499,902	582,060	
	1,229,789	1,312,849	

36 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in note 5 and 9 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'.

		2017	2016
Borrowings	Rupees in thousand	620,404	759,421
Total equity	Rupees in thousand	591,951	641,448
Total capital employed	Rupees in thousand	1,212,355	1,400,869
Gearing	Percentage	51.17	54.21

The increase in gearing ratio is due to increase in borrowings.

37. PLANT CAPACITY AND ACTUAL PRODUCTION

Number of spindles installed	59,232	59,232
Number of spindles operated	40,269	41,980
100 % plant capacity converted to 20s count based on 3 shifts per day ( Kgs)	21,935,860	20,936,919
Actual production converted to 20s count based on 3 shifts per day ( Kgs)	15,165,873	13,203,371

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

37.1 Reasons for low production:

Under utilization of available capacity was due to normal maintenance and energy crisis prevailing in the country and closure of Company's spinning unit in Chiniot.

38. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL STATEMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements At 30m June 2017	Level 1	Level 2	Level 3	Total
---	---------	---------	---------	-------

(Rupees in thousands)

Financial assets				
Available for sale financial assets	65,218	-	-	65,218
<b>Total financial assets</b>	<b>65,218</b>	<b>-</b>	<b>-</b>	<b>65,218</b>

Recurring fair value measurements At 30m June 2016	Level 1	Level 2	Level 3	Total
---	---------	---------	---------	-------

(Rupees in thousands)

Financial assets				
Available for sale financial assets	64,323	-	-	64,323
<b>Total financial assets</b>	<b>64,323</b>	<b>-</b>	<b>-</b>	<b>64,323</b>

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 available-for-sale 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

(ii). Valuation techniques used to determine fair values

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

39. INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

39.1

Description	Note	2017 Carried under		2016 Carried under	
		Non-Shariah arrangements	Shariah arrangements	Non-Shariah arrangements	Shariah arrangements

(Rupees in thousand)

Assets

Loans and advances

Advances to employees 16 - 727 - 701

Advances to suppliers 16 - 1,083 - 40,085

Deposits

Long term security deposits 12 - 1,576 - 1,576

Bank balances 20 3,909 1 6,649 3

Liabilities

Loan and advances

Long term financing 5 120,502 - 177,361 -

Short term borrowings 9 499,902 - 559,743 22,317

Income

Profit on deposits with banks 26 17 - 66 -

Other comprehensive income

Unrealized gain on investments 18 895 - 5,185 -

	Note	2017	2016
--	------	------	------

(Rupees in thousand)

39.2 Dividend income earned from 26.1

Premier Insurance Limited - associated company - 509

EFU Life Assurance Limited 1,507 988

Crescent Fibers Limited 32 48

1,539 1,545

39.3 Sources of other income 26

Dividend income 1,539 1,545

Profit on deposits with banks 17 66

Gain on sale of property, plant and equipment 9,552 2,766

Reversal of provision for slow moving and obsolete items - 633

Scrap sales 4,251 12,913

Rental Income 40 28

15,399 17,951

39.4 Exchange gain / (loss) 25

Earned from actual currency (791) (2,627)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

39.5 Revenue (external) from different business segments

The company has a single reportable segment.

39.6 Relationship with banks

Name	Relationship	
	Non Islamic window operations	With Islamic windows operations
National Bank of Pakistan	✓	-
MCB Bank Limited	✓	-
Faysal Bank Limited	✓	-
Allied Bank Limited	✓	-
United Bank Limited	✓	-
The Bank of Punjab	✓	-
Bank Islami Pakistan Limited	-	✓
IGI Investment Bank Limited	✓	-

40. OPERATING SEGMENTS

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

Sales of yarn represents 95.90% (2016: 96.60%) of the total sales of the Company.

79.69% (2016: 62.33%) of the sales of the Company relates to customers in Pakistan. Of the remaining sales of the Company relating to customers outside Pakistan, 99.35% (2016: 61.41%) of those sales are made to customers in China.

All non-current assets of the Company at 30 June 2017 are located in Pakistan.

14.80% (2016: 14.68%) of the total sales of the Company are made to a single customer in Pakistan.

41. DATE OF AUTHORIZATION FOR ISSUE

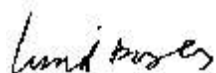
These financial statements were authorized for issue on September 23, 2017 by the Board of Directors of the Company.

42. CORRESPONDING FIGURES

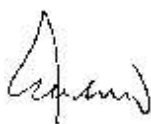
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

43. GENERAL

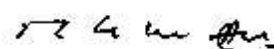
Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



Chief Executive



Chief Financial Officer



Director

PATTERN OF SHARE HOLDING  
AS AT JUNE 30, 2017

## Form - 34

Number of Shareholders	Shareholding		Total Shares held
	From	To	
449	1	100	18,032
274	101	500	68,374
60	501	1,000	45,546
102	1,001	5,000	253,123
42	5,001	10,000	301,931
16	10,001	15,000	210,718
8	15,001	20,000	132,085
7	20,001	25,000	154,286
7	25,001	30,000	184,337
6	30,001	35,000	199,969
4	35,001	40,000	151,549
3	45,001	50,000	144,970
1	50,001	55,000	54,693
2	65,001	70,000	136,034
1	80,001	85,000	83,960
1	110,001	115,000	110,806
1	120,001	125,000	125,000
1	215,001	220,000	216,586
1	220,001	225,000	224,067
1	225,001	230,000	229,994
1	280,001	285,000	281,000
1	310,001	315,000	313,979
1	395,001	400,000	399,000
1	810,001	815,000	812,160
1	900,001	905,000	900,748
1	1,185,001	1,190,000	1,189,498
1	1,695,001	1,700,000	1,697,555
994			8,640,000

INFORMATION REQUIRED AS PER CODE OF CORPORATE GOVERNANCE  
AS AT JUNE 30, 2017

Categories of Share Holders	Total	% age
Directors, Chief Executive Officer, Their Spouses and Minor Children		
Chief Executive		
Mr. Khalid Bashir	900,748	10.43
Directors		
Mr. Khurram Mazhar Karim	23,400	0.27
Mr. Adil Bashir	281,500	3.26
Mr. Asif Bashir	224,567	2.60
Mr. Muhammad Anwar	26,946	0.31
Mr. Shahid Arshad	8,674	0.10
Mr. Sharik Bashir	32,000	0.37
Director's Spouses and Their Minor Children		
Mrs. Tanveer Khalid Bashir (W/O Khalid Bashir)	313,979	3.63
Mrs. Amna Asif Bashir (W/O Asif Bashir)	83,960	0.97
Mrs. Sana Adil Bashir (W/O Adil Bashir)	18,000	0.21
	1,913,774	22.15
Associated Companies, Undertakings & Related Parties		
Crescent Powertec Limited	1,697,605	19.65
Premier Insurance Limited	399,000	4.62
The Crescent Textile Mills Limited	812,160	9.40
	2,908,765	33.67
NIT & ICP (Name Wise Detail)		
CDC - Trustee National Investment (Unit) Trust	1,189,498	13.77
Investment Corporation of Pakistan	4,390	0.05
	1,193,888	13.82
Banks, NBFCs, DFIs, Takaful, Pension Funds		
	139,179	1.61
Modarabas		
	13,151	0.15
Insurance Companies		
	5,730	0.07
Other Companies, Corporate Bodies, Trust etc.		
	56,163	0.65
General Public		
	2,409,350	27.89
	8,640,000	100.00
Shareholders More Than 5.00%		
Crescent Powertec Limited	1,697,605	19.65
CDC - Trustee National Investment (Unit) Trust	1,189,498	13.77
Mr. Khalid Bashir	900,748	10.43
The Crescent Textile Mills Limited	812,160	9.40

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: October 03, 2017

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 / CDS 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.	
_____ Signature of Shareholders	

Second Fold

Affx Revenue  
Stamp

Corptec Associates (Pvt) Ltd.  
Shares Registrar: Shams Textile Mills Limited  
503-E Johar Town Lahore.

First Fold

Third Fold and Tuck In

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. No. _____ Sub-Account No. _____ NIC No. _____ or Passport No. _____
---

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 50<sup>th</sup> Annual General Meeting  
 of the Company to be held on Wednesday, October 25, 2017 at 9:00 a.m. at Registered Office, 7-B III, Aziz  
 Avenue, Gulberg-V Lahore and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2017. Signature of the Shareholder \_\_\_\_\_

For Beneficial owners as per CDC list

1-Witness:  
 Signature \_\_\_\_\_  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 2-Witness:  
 Signature \_\_\_\_\_  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_

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

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

Note:

- Proxies in order to be effective must be received at the Registered Office of the Company at 7-B-III, Aziz Avenue, Gulberg-V, 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.

Second Fold

Affx Revenue  
Stamp

Corptec Associates (Pvt) Ltd.  
Shares Registrar: Shams Textile Mills Limited  
503-E Johar Town Lahore.

First Fold

Third Fold and Tuck In

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

Telephone 92 (42) 3576 0381  
Fax: 92 (42) 3576 0376  
E-mail: [info@shams.com.pk](mailto:info@shams.com.pk)  
Web: [www.shams.com.pk](http://www.shams.com.pk)

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