# SUNRAYS TEXTILE MILLS LIMITED

# ANNUAL REPORT 2025

# CONTENTS

# COMPANY PROFILE

## BOARD OF DIRECTORS

| | | |
|---|---|---|
| 1. | Mian Imran Ahmed | Chairman |
| 2. | Mr. Kashif Riaz | Chief Executive |
| 3. | Mr. Naveed Ahmed | |
| 4. | Mian Shahzad Ahmed | |
| 5. | Mrs. Fadia Kashif | |
| 6. | Mr. Shahwaiz Ahmed | |
| 7. | Ms. Mehr-un-Nisa Kashif | |
| 8. | Mr. Shafqat Masood | |
| 9. | Mr. Faisal Hanif | |
| 10. | Ms. Azra Yaqub Vawda | |
| 11. | Mr. Farooq Hassan | |

**AUDIT COMMITTEE**

| | | |
|---|---|---|
| 1. | Mr. Faisal Hanif | (Chairman) |
| 2. | Mr. Shahwaiz Ahmed | (Member) |
| 3. | Mr. Shafqat Masood | (Member) |

**HUMAN RESOURCES AND REMUNERATI ON COMMITTEE**

| | | |
|---|---|---|
| 1. | Mr. Faisal Hanif | (Chairman) |
| 2. | Mrs. Fadia Kashif | (Member) |
| 3. | Ms. Mehr-un-Nisa Kashif | (Member) |

**CHIEF FINANCIAL OFFICER**

Mr. Shabbir Kausar

**CHIEF INTERNAL AUDITOR**

Mr. Imran Iftikhar

**COMPANY SECRETARY**

Mr. Ahmed Faheem Niazi

**LEGAL ADVISOR**

Mr. Yousuf Naseem
Advocates & Solicitors

**REGISTERED OFFICE**

5th floor, Office # 508, Beaumont Plaza,
Beaumont Road, Civil Lines Quarters, Karachi

**SYMBOL OF THE COMPANY**

SUTM

**WEBSITE**

http://www.Indus-group.com

**REGISTRAR & SHARE TRANSFER OFFICE**

JWAFFS REGISTRAR SERVICES (PVT) LTD
Office # 20, 5 th Floor, Arkay Square Extension,
New Chali, Shahrah-e-Liaquat, Karachi. Tel.(+92-21) 32440974-75

**FACTORY LOCATION**

Khanpur Shomali Bagga Sher M.M. Road Muzaffar Garh

**BANKERS**

MCB Bank Limited
Allied Bank Limited
Bank Al Habib Limited
United Bank Limited
Meezan Bank Limited
Habib Bank Limited
Bank Al Falah Limited

**AUDITORS**

Yousuf Adil
Chartered Accountants

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting of Sunrays Textile Mills Limited will be held at Indus Dyeing & Manufacturing Company Limited, Plot No. 3 & 7, Sector No. 25, Korangi Industrial Area, Karachi on Monday, October 28, 2025 at 02:00 P.M. to transact the following business:

**ORDINARY BUSINESS:**

**1.** To confirm minutes of the Annual General Meeting held on October 28, 2024.

**2.** To receive, consider, approve and adopt the audited consolidated and un consolidated financial statements of the Company for the financial year ended June 30, 2025,together with the Directors' and Auditors' Reports thereon and Chairman's Review Report;

**3.** In accordance with Section 223 of the Companies Act, 2017 and pursuant to the S.R.O. 389(I)2023 dated March 21, 2024, the annual report the Company, including the annual audited financial statements, auditor's report, Directors' report, Chairman's review report and other reports contained therein, can be accessed through the following web link and QR enabled code.

**Weblink**
https://indus-group.com/financial-information-sutm/

**QR Enabled Code**

**4.** To appoint the Statutory Auditors for the year ending June 30, 2026 and to fix their remuneration. The Board of Directors on the recommendation of Audit Committee has recommended the appointment of retiring auditors, Messers Yousuf Adil, Chartered Accountants who being eligible have offered themselves for re-appointment;

**SPECIAL BUSINESS:**

**5.** To ratify the transactions carried out by the Company with related parties disclosed in the Financial Statements for the year ended June 30, 2025 by passing the following resolution with or without modification:

**Resolved That** all related parties transactions carried out by the Company as disclosed in Note No. **41** of the Financial Statements of the Company for the year ended June 30, 2025 be and are hereby noted, ratified and approved.

**6.** To approve potential transactions with related parties intended to be carried out in the financial year 2025-2026 and to authorize the Board of Directors of the Company to carry out such related party transactions at its discretion from time to time, irrespective of the composition of the Board of Directors affected due to majority of Board members are interested in any agenda item.

The resolutions to be passed in this respect (with or without modification) as special resolutions are as under:

**Resolved Further That** in accordance with the policy approved by the Board and subject to such conditions as may be specified from time to time, the Company be and is hereby authorized to carry out transactions with the related parties for the fiscal year 2025-26.

**Resolved Further That** the board of directors of the Company may, at its discretion, approves specific related party/parties transaction(s) from time to time, irrespective of the composition of the Board, affected due to majority of Board members are interested in any agenda item till the next Annual General Meeting. However, in order to ensure transparency in these transactions.

All such transactions shall be placed before the shareholders in the next Annual General Meeting for their noting/ratification/approval.

**7.** To transact any other business with the permission of the chair.

**By Order of the Board**
**Ahmed Faheem Niazi**

**Karachi**
**Date : October 6, 2025**

**Company Secretary**

**NOTES:**

**1.**The Share Transfer Books of the Company will remain closed for the period from October 22, 2025 to October 28, 2025 (both days inclusive). Transfers received in order at the Office of Company's Share Registrar **M/s. Jwaffs Registrar Services (Pvt) Ltd, Office # 20, 5th Floor, Arkay Square Extension, New Chali, Shahra-e-Liaquat, Karachi.** ('Registrar') at the close of business on October 21, 2025 will be considered in time to attend and vote at the Meeting.

**2.Availability of Financial Statements and Reports on the Website**

The Annual Report of the Company for the year ended June 30, 2025 has been placed on the Company's website **https://**www.indus-group.com**.** The Annual Reports and quarterly financial statements of prior periods are also available. **https://indus-group.com/download/**

**3.**Pursuant to Section 223 of the Companies Act, 2017, the Company is allowed to send audited financial statements and reports to its members electronically. Members are therefore requested to provide their valid email IDs. For convenience, a Standard Request Form has also been made available on the Company's website www.indus-group.com

**4.Access and Transmission of Annual Report**
In accordance with the provision of section 223 of the Companies Act, 2017, and pursuant to S.R.O. 389 (1) 2023 dated March 21, 2024, the Company has circulated the notice of AGM along with QR enabled code and web link to view and download the audited financial statements of the Company for the year ended June 30, 2025.

**5.Transmission of Annual Report through Email**
Pursuant to the SRO No. 787(I)/2024 dated: September 08, 2014, issued by the Securities and Exchange Commission of Pakistan, permitted the Company to circulate its Annual Balance Sheet, Profit and Loss Account, Auditor's Report and Directors' Report etc., ("Annual Report") along with the notice of Annual General Meeting ("Notice"), to its shareholders by email. Shareholders of the Company, who wish to receive the Company's Annual Report and Notice by email, are requested to provide complete Electronic Communication details to the Share Registrar of the Company. However, the Company may provide a hard copy of the Annual Report and Notice to such members on their request, free of cost, within seven days of receipt of such request.

**6.**Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s Jwaffs Registrar Services (Pvt) Ltd, Office # 20, 5th Floor, Arkay Square Extension, New Chali, Shahra-e-Liaquat, Karachi.

A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

**A.FOR ATTENDING THE MEETING:**
i.In case of individuals, the accounts holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his original CNIC 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 the Meeting.

**B. FOR APPOINTING PROXIES:**
i.In case of individuals, the account holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.

ii.The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii.Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.

iv.The proxy shall produce his/her original CNIC or original Passport at the time of meeting.

v.In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

**7.**Members are requested to notify Change in their addresses, if any; in case of book entry securities in CDS to their respective participants/investor account services and in case of physical shares to the Registrar of the Company by quoting their folio numbers and name of the Company at the above mentioned address, if not earlier notified/submitted.

**8.Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001**

Pursuant to the provisions of the Finance Act 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payments under the income Tax Ordinance, have been revised as follows:

| | | |
|---|---|---|
| (a) | Rate of tax deduction for filer of income tax returns | 15% |
| (b) | Rate of deduction for non-filer of income tax returns | 30% |

The income tax is deducted from the payment of dividend according to Active Tax -Payers List (ATL) provided on the website of FBR. All those shareholders who are filers of income tax returns are therefore advised to ensure that their names are entered into ATL to enable the Company to withhold income tax from payment of cash dividend @ 15% instead of 30%.

Further, according to clarification received from FBR, withholding tax will be determined separately on 'Filer /Non Filer' status of Principal Shareholder as well as Joint-holder(s) based on their shareholding proportions in case of joint accounts held by the shareholders.

In this regard, all shareholders who hold shares jointly are requested to provide the shareholding proportions of Principal Shareholder and Joint-holders in respect of shares held by them to our Shares Registrar, in writing. The joint accounts information must reach to our Shares Registrar within 10 days of this notice. In case of non-receipt of the information, it will be assumed that the shares are equally held by Principal Shareholder and the Joint-holder(s).

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be.

**9. Dividend Mandate and Payment of Cash Dividend through Electronic Mode**

The provisions of Section 242 of the Companies Act, 2017 require that the dividend payable in cash shall only be paid through electronic mode directly into the bank accounts designated by the entitled shareholders. Therefore, for making compliance to the provisions of the law, all those physical shareholders who have not yet submitted their IBAN bank account details to the Company are requested to provide the same on the Dividend Mandate Form available on Company website at www.indus-group.com.

Non CDC shareholders are requested to send valid and legible copy of CNIC/Passport (in case of individual) and NTN Certificate (in case of corporate entity) to the Registrar of the Company. Please note that CNIC number is mandatory for issuance of dividend warrants and in the absence of this information payment of dividend shall be withheld.

CDC shareholders who have also not provided their IBAN bank account details are also requested to provide the same to their Participants in CDC and ensure that their IBAN bank account details are updated. In case of unavailability of IBAN, the Company would be constrained to withhold dividend in accordance with the Companies (Distribution of Dividends) Regulations, 2017.

**10. Video-Link Arrangement for online Participation in the 34th Annual General Meeting of the Company**

Shareholders interested in attending the Annual General Meeting (AGM) through video link facility are requested to get themselves registered with the Company Secretary office at least two working days before the holding of the time of AGM at corporate.affairs@indus-group.com by providing the following details: -

| Name of Shareholder | CNIC NO | Folio CDC No. | Cell No. | Email address |
|---|---|---|---|---|
| | | | | |

- The Login facility will remain open from 11:30 A.M. till the end of the meeting.
- Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.
- Shareholders will be able to login and participate in AGM proceedings through their smart phone or computer devices from their home after completing all the facilities required for the identification and verification of the Shareholders.

The Company will follow the best practices and comply with the instructions of the Government and SECP to ensure protective measure are in place for the well-being of its members.

**11. Video Conference Facility**

Members may avail video conference facility for this Annual General Meeting other than Karachi, provided the Company receives consent (standard format is given below) atleast 07 days prior to the date of the Meeting from members holding in aggregate 10% or more shareholding residing at respective city.

The Company will intimate respective members regarding venue of the video-link facility before the date of Meeting along with complete information necessary to enable them to access the facility.

I/we _____________ of _________ being member(s) of Sunrays Textile Mills Limited, holder of _________ Ordinary Share(s) as per Registered Folio No./CDC Account No. ________ hereby opt for video conference facility at __________ in respect of 34th Annual General Meeting of the Company.

_____________________
Signature of Member

**12. Deposit of Physical Shares into Central Depository**

As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act i.e. May 30, 2017. Further SECP vide Letter dated March 26, 2021 has advised to comply Section 72 of the Act and encourage shareholders to convert their shares in book –entry form.

In light of above, shareholders holding physical share certificates are requested to deposit their shares in Central Depository by opening CDC sub-accounts with any of the brokers or Investor Accounts maintained directly with CDC to convert their physical shares into scrip less form. This will facilitate the shareholders to streamline their information in member's Register enabling the Company to effectively communicate with the shareholders and timely disburse any entitlements. Further, shares held shall remain secure and maintaining shares in scrip less form allows for swift sale / purchase.

### 13. Unclaimed Dividends and Bonus Shares

Shareholders, who for any reason, could not claim their dividend and/or bonus shares are advised to contact our Shares Registrar M/s. Jwaffs Registrar Services (Pvt) Limited to collect/enquire about their unclaimed dividends and/or bonus shares if any.

### 14. Postal Ballot

Pursuant to companies (Postal Ballot) Regulations, 2018 for the agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through e-voting, in accordance with the requirements and procedure contained in the aforesaid regulations.

**Statement of Material facts concerning special business pursuant to section 134 (3) of the Companies Act, 2017**

This statement sets out the material facts concerning the Special Business given in agenda item(s) No.5 to 6 of this Notice of AGM, which will be considered to be transacted in the AGM of the Company. The purpose of this statement is to set forth the material facts concerning such Special Businesses:

## Agenda Item No. 5 & 6 of the Notice –

The related parties transactions carried out in normal course of business with associated companies and related parties were being approved by the Board of Directors as recommended by the Audit Committee on quarterly basis pursuant to Section 208 of the Companies Act, 2017 and Regulation 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. However, the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the group companies, the quorum of directors could not be formed for approval of these transactions pursuant to Section 207 of the Companies Act, 2017 and therefore, these transactions have to be approved by the shareholders in General Meeting as a special resolution in terms of section 208 of the said Act.

The transactions with related parties carried out during the fiscal year 2024 - 2025 to be ratified as disclosed in Note No. **41** of the Financial Statements of the Company for the year ended June 30, 2025

Likewise, since related party transactions are an ongoing process and a restriction to carry out business with related parties merely due to absence of valid quorum would adversely affect the business of the Company. Therefore, shareholders are being approached to grant the broad approval for such transactions to be entered into by the Company, from time to time, at the discretion of the Board (and irrespective of its composition affected due to majority of Board members are interested in any agenda item). The Company shall comply with its policy pertaining to transactions with related parties as stated above to ensure that the same continue to be carried out in a fair and transparent manner and on an arm's length basis. This would also ensure compliance with the Section 208(1) of the Companies Act, 2017 of which requires that shareholders' approval shall be required where the majority directors are interested in any related party transactions and regulation 4 of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 which sets out the conditions for transactions with related parties to be characterized as "arm's length transactions" and states that the parties to the transaction must be unrelated in any way.

Further; it is not possible for the Company or the directors to accurately predict the nature of the related party transaction(s) or the specific related party(ies) with which the transaction(s) shall be carried out. In view of the same and in order to ensure smooth supply during the year, the Company seeks the broad approval of the shareholders that the Board may cause the Company to enter into transactions with related party / parties from time to time in its wisdom and in accordance with the policy of the Company for the fiscal year 2025-26.

All such transactions will be clearly stipulated at the end of the next financial year in the company's Annual Report. In however addition to this all such transactions shall also be placed before the shareholders in the next General Meeting for their noting approval/ ratification.

The Directors are interested in these resolutions only to be extent of their common directorship and shareholding in the associated companies.

## Directors Interest:

The Directors do not have any interest in the Special Business, whether directly or indirectly, except to the extent of their shareholding in the Company.

# VISION

**To be a most successful company in terms of quality products, services & financial**

# MISSION

To provide quality products & services to our customers and handsome return to the shareholders.

# CHAIRMAN'S REVIEW

## FOR THE YEAR ENDED JUNE 30, 2025

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the company's annual results for the fiscal year ending June 30, 2025. I also take this opportunity to cordially invite you to attend the 34th Annual General Meeting of the company.

### Review of the Boards Performance

Throughout the year, the Board of Directors worked cohesively to provide strategic oversight to management and the Chief Executive, demonstrating its commitment to sound corporate governance as the cornerstone of accountability and long-term value creation.

A comprehensive review of the internal control framework was undertaken with the active involvement of the Audit Committee. The Board is satisfied with the robustness and effectiveness of these controls and remains dedicated to their continuous improvement and proactive engagement. The annual self-assessment exercise further reaffirmed that the Board continues to operate effectively, delivering prudent guidance and upholding the highest standards of governance.

The Board maintained a strong focus on sustainable growth by closely monitoring environmental, social, and governance (ESG)-related risks and opportunities. Strategic investments in renewable energy underscore our commitment to driving sustainable value for shareholders, while our strengthened corporate social responsibility initiatives reflect our resolve to support community development and employee well-being.

### Review of Company's Performance

The year under review reflected encouraging macroeconomic indicators; however, the overall business environment remained demanding, particularly for the spinning segment. Rising operational costs, volatile power tariffs, the limited availability and high cost of substandard domestic cotton, and intensified competition from duty-free imported yarn continued to exert pressure on local manufacturers.

Despite these headwinds, the Company maintained a substantial share of its revenue base demonstrating the resilience of our operations, the soundness of the Board's strategic guidance, and the unwavering commitment of our management team.

On behalf of the Board, I extend our sincere appreciation to our shareholders, customers, business partners, employees, and fellow Board members. Your steadfast support and commitment have been the cornerstone of our achievements. Together, we look forward to building on this foundation as we pursue sustainable growth and deliver enduring value for all our stakeholders.

**Mian Imran Ahmed**
Chairman

October 6, 2025

# DIRECTORS REPORT TO SHAREHOLDERS
## FOR THE YEAR ENDED JUNE 30, 2025

The Directors of Sunrays Textile Mills Limited are pleased to present the Annual Report together with the audited Financial Statements for the year ended June 30th, 2025 before the 34th Annual General Meeting of the Company.

**COMPOSITION OF BOARD**

The composition of the Board is in compliance with the requirements of the Code of Corporate Governance regulations, 2019 applicable on listed entities which is given below:

**Total Number of Directors**

| | |
|---|---|
| Male | 08 |
| Female | 03 |

**Composition**

| | |
|---|---|
| Executive Director | 01 |
| Independent Director | 03 |
| Non-Executive Director | 07 |

| Category | Names |
|---|---|
| Independent Directors | Mr. Faisal Hanif<br>Ms. Azra Yaqub Vawda<br>Mr. Farooq Hassan |
| Executive Directors | Mr. Kashif Riaz (CEO) |
| Non-Executive Directors | Mr.Naveed Ahmed<br>Mian Shahzad Ahmed<br>Mian Imran Ahmed<br>Mrs. Fadia Kashif<br>Mr. Shahwaiz Ahmed<br>Ms. Mehr-un-Nisa Kashif<br>Mr. Sheikh Shafqat Masood |
| Female Director | Ms.Azra Yaqub Vawda<br>Mrs.Fadia Kashif<br>Ms. Mehr-un-Nisa Kashif |

**Financial and operational result**

The Company earned pretax profit of Rs. 308.532 Million for the year ended June 30, 2025.

| | Rs.000 | |
|---|---|---|
| **Highlights:** | **2025** | **2024** |
| Pretax profit for the year | 308,532 | 483,626 |
| Taxation | (232,760) | (306,487) |
| Profit after taxation | 75,772 | 177,139 |
| Deferred tax and others | 634 | 11,164 |
| Un-appropriated profit brought forward | 428,139 | 5,738,803 |
| Profit available for appropriations | 428,139 | 5,738,803 |
| Transfer from surplus on revaluation of fixed assets | 67,848 | 112,930 |
| Transfer to Capital Reserve | 0 | (2,500,000) |
| Transfer to General Reserve | 0 | (3,000,000) |
| Un-appropriated profit carried forward | 495,987 | 351,733 |

**DIVIDEND**

The Board of Directors have not declared any dividend for the year ended June 30, 2025

## BUSINESS OVERVIEW

Your company reported a profit after tax of Rs. 75.772 million, down from Rs. 177.139 million in the same period last year. The primary reason for the decrease in profit after tax to the rise in input cost and finance costs. During this period, the company invested Rs.330.216 million in fixed assets. This is part of the company,s plan to improve the quality and reduce the manufacturing cost. These investments were financed through retained earnings and long-term financing.

## FUTURE OUTLOOK

FY 2026 unfolded amid a challenging global economic climate marked by shifting monetary policies, geopolitical tensions, and renewed protectionist trade measures. The IMF maintained its global GDP growth forecast at 3.1%, supported by easing inflation and moderate demand recovery. However, the reintroduction of U.S. tariffs, particularly on Chinese and South Asian exports, disrupted global trade and supply chains. In Pakistan, while efforts continued to control inflation and meet IMF benchmarks, severe monsoon floods in mid-2026 hampered agricultural output and logistics, impacting the cotton supply chain. The textile sector, especially spinning, faced higher input costs due to cotton shortages, elevated energy tariffs, and high borrowing costs. Withdrawal of export incentives further strained industry margins. Despite these headwinds, the Company remained resilient, implementing cost control, process optimization, and supply chain efficiency measures to sustain operations, strengthen profitability, and ensure long-term value creation for stakeholders.

## CORPORATE SOCIAL RESPONSIBILITY

The Company always committed to prioritize its social responsibilities in the best interest of all stakeholders and overall business environment. This being a continuous process, the conservation of natural resources, reduction in wastages, enhancement of recycling, improvement of energy efficiency and enhancement of environmental performance by reducing spills and releases were the top priorities while observing the "Corporate Social Responsibility". Like prior years targets were set for reduction in the natural gas consumption and use of water based on the achievements made in prior years

The continued initiatives includes ;

- Waste water treatment
- conservation of natural resources
- reduction in wastages
- enhancement of recycling, improvement of energy efficiency, and
- enhancement of environmental performance by reducing spills and releases

## POST BALANCE SHEET EVENTS

No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's report.

## RELATED PARTY TRANSACTIONS

In accordance with the requirement of Code of Corporate Governance, the company presented all related party transactions before the audit committee and the board for the review and approval. The details of all related Party transactions have been provided in Note 41 of the annexed financial statements for the year ended June 30, 2025

## CORPORATE GOVERNANCE, FINANCIAL REPORTING AND INTERNAL CONTROL SYSTEM

The Director confirms compliance with corporate and financial reporting framework as per the Listing Regulations of the Stock Exchange as follows:

- The financial statements, prepared by the management of the company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There has been no deviation from the best practice of corporate governance, as mentioned in the listing regulations.

- Key operating and financial data for the last six year is annexed.
- There are no statuary payments on account of taxes, duties, levies and charge which are outstanding as on June 30th 2019 except for those disclosed in financial statements.
- There has been no trading of shares by Chief Executive, Director, Financial Officer, Company Secretary, their spouses and minor children, during the year.

## BOARD & SUB COMMITTEE MEETINGS

- During the year meetings of the Board were held Attendance by each director is as follows.

| Name of Directors | Board of Directors 4 - Meetings | Audit Committee 4 – Meetings | HR & R 1 - Meeting |
|---|---|---|---|
| | Attended | Attended | Attended |
| Mian Imran Ahmed | 3/4 | | |
| Mr. Kashif Riaz | 4/4 | | |
| Mian Shahzad Ahmed | 4/4 | | |
| Mr. Naveed Ahmed | 4/4 | | |
| Mrs. Fadia Kashif | 4/4 | | 1/1 |
| Mr. Shahwaiz Ahmed | 4/4 | 4/4 | |
| Ms. Mehr-Un-Nisa Kashif | 4/4 | | 1/1 |
| Mr. Sheikh Shafqat Masood | 4/4 | 4/4 | |
| Mr. Farooq Hassan | 4/4 | | |
| Mr. Faisal Hanif | 4/4 | 4/4 | 1/1 |
| Ms. Azra Yaqub Vawda | 4/4 | | |

## BOARD OF DIRECTORS

·During the period under the review received in shares through gift of the company by the CEO, Directors, spouses and Minors as follow:

| S.No | Name | Shares Transfer |
|---|---|---|
| 1 | Mian Shahzad Ahmed | 500,170 |
| 2 | Naveed Ahmed | 500,170 |
| 3 | Irfan Ahmed | 500,169 |
| 4 | Imran Ahmed | 500,170 |

### DIRECTORS REMUNERATION

The directors have a formal remuneration policy for its directors (Executive/Non-Executive) duly approved by the Board of Directors. The policy has been designed as a component of HR strategy and both are required to support business strategy. The Board believes that the policy is appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company as well as to create congruence between Directors, executives and shareholders.

### APPOINTMENT OF AUDITORS

Messer's Yousaf Adil, Chartered Accountants, (Yousuf Adil) independent correspondent firm of Deloitte Touché Tohmatsu Limited, a reputable Chartered Accountants Firm completed its tenure of appointment with the company and being eligible has offered its services for another term. The Board of Directors of Company, based on the recommendation of the audit committee of the board, has proposed Yousuf Adil for reappointment as auditors of the company for the ensuring year.

### AUDIT COMMITTEE

The Board of Directors constituted a fully functional Audit Committee comprising three members, one is Independent Director and two are non-executive Director. The terms of reference of the committee, interalia, consists of ensuring transparent internal audits, accounting and control systems, adequate reporting structure as well as determining appropriate measure to safeguard the Company's assets.

### PATTERN OF SHAREHOLDING

The pattern of share holding as at June 30th, 2025 as required under the Companies Act 2017, and the code of Corporate Governance, is annexed to this report.

### INTERNAL AUDIT FUNCTION

The board have setup efficient and energetic internal control system with operational, financial and compliance controls to carry on the business of the company. Internal audit findings are reviewed by the Audit Committee, and where necessary, action is taken in the basis of recommendations contained in the internal audit reports.

### WEB PRESENCE

Annual and periodic financial statements of the company are also available on the website of the company http://indus-group.com for information of the shareholders and others.

### ACKNOWLEDGEMENT

The directors are pleased to place on record their appreciation for the contribution made by employees of the company and look forward for same cordial relationship in coming years. In addition, management also acknowledges the role of all the financial institutions, customers, suppliers and other stakeholders for their continued support.

On Behalf of the Board of Directors

**Chief Executive Officer**
**Karachi**
**Dated:** October 06, 2025

**Director**

# SIX YEAR KEY OPERATING AND FINANCIAL DATA

## FROM 2020 TO 2025
## (Rupees in 000)

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| **OPERATING DATA** | | | | | | |
| Sales | 19,257,156 | 20,148,888 | 9,654,366 | 9,757,682 | 8,640,883 | 6,476,172 |
| Cost of Goods Sold | 17,754,041 | 18,544,262 | 8,829,381 | 7,156,924 | 7,059,086 | 5,565,454 |
| Gross Profit | 1,503,115 | 1,604,626 | 824,985 | 2,600,758 | 1,581,797 | 910,718 |
| Profit Before Taxation | 309,546 | 482,950 | 415,891 | 2,062,363 | 1,239,043 | 646,430 |
| Profit After Taxation | 76,623 | 177,194 | 287,817 | 1,909,806 | 1,150,164 | 560,164 |
| **FINANCIAL DATA** | | | | | | |
| Paid Up Capital | 207,000 | 207,000 | 207,000 | 207,000 | 207,000 | 69,000 |
| Fixed Assets | 8,397,974 | 7,670,516 | 7,338,745 | 4,226,358 | 1,663,452 | 1,813,371 |
| Current Assets | 11,513,260 | 7,547,016 | 4,864,831 | 5,496,620 | 4,296,801 | 3,091,115 |
| Current Liabilites | 7,676,275 | 4,019,550 | 1,279,970 | 858,078 | 547,933 | 416,746 |
| **KEY RATIOS** | | | | | | |
| Gross Margin | 7.81% | 7.96% | 8.55% | 26.65% | 18.31% | 14.06% |
| Net Profit | 0.40% | 0.88% | 2.98% | 19.57% | 13.31% | 8.65% |
| Current Ratio | 1.50 | 1.88 | 3.80 | 6.41 | 7.84 | 7.41 |
| Earning Per Share(Rupees) | 3.70 | 8.56 | 13.90 | 92.26 | 55.56 | 81.18 |
| **STATISTICS** | | | | | | |
| Number Of Spindle | 32550 | 34550 | 33882 | 34802 | 34792 | 33127 |
| Number of Rooters | 5951 | 5355 | | | | |
| Production in to<br>20/S Count(in 000 Kgs) | 18826 | 18408 | 9980 | 11430 | 11882 | 10531 |

# Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
## For the year ended June 30, 2025

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

1. Total number of directors are 11 as per follows ;
   a) Male 8
   b) Female 3
2. The composition of board is as follows ;

| Category | Names |
|---|---|
| Independent Directors | Ms. Azra Yaqub Vawda<br>Mr. Farooq Hassan<br>Mr. Faisal Hanif |
| Executive Directors | Mr. Kashif Riaz (CEO) |
| Non-Executive Directors | Mian Imran Ahmed<br>Mr. Naveed Ahmed<br>Mian Shahzad Ahmed<br>Mrs. Fadia Kashif<br>Mr. Shahwaiz Ahmed<br>Ms. Mehr-Un-Nisa Kashif<br>Mr. Sheikh Shafqat Masood |
| Female Director | Ms. Azra Yaqub Vawda<br>Mrs. Fadia Kashif<br>Ms. Mehr-Un-Nisa Kashif |

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the board were presided over by the chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board;
8. The Board of Directors have a formal policy and transparent procedures for the remuneration of the Directors in accordance with the Act and these Regulations;
9. Majority of the Directors of the Company are exempt from the requirement of the directors training program or has obtained the exemption certificate.
10. No new appointment of Head of Internal Audit, Company Secretary and Chief Financial Officer (CFO) has been made during the year except their remuneration and terms and conditions of employment which was approved by the Board and the Board complied with relevant requirements of the Regulations;
11. The Financial Statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board;
12. The board has formed committees comprising of the members given below:

a) Audit Committee

| | |
|---|---|
| Chairman | Mr. Faisal Hanif |
| Members | Mr. Shahwaiz Ahmed<br>Mr. Shafqat Masood |

b) HR and Remuneration Committee

| | |
|---|---|
| Chairman | Mr. Faisal Hanif |
| Member | Mrs. Fadia Kashif<br>Ms. Mehr-Un-Nisa Kashif |

13. The terms of the reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of the meeting of the committee were as per following:
    a) Audit Committee (Quarterly)
    b) HR and Remuneration Committee (yearly)

15.The board has set up an effective internal audit function headed by the Head of Internal Audit. The staff is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company and is involved in the internal audit function on a full time basis.

16.The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (Spouses, parents, dependents and non-dependents children) of the Chief Executive officer, Chief Financial Officer, head of Internal Audit, Company Secretary or Directors of the Company;

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

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

- As per regulation 6, it is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as Independent Directors and currently, there are three Independent Directors in a Board of Eleven Directors. With regard to compliance with Regulation 6 pertaining to fraction contained in one-third number and not rounded up as one, Management believes that three Independent Directors are sufficient to represent minority shareholders which are only 12.69% of total shareholders.

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

| S.NO | Non-Mandatory Requirements | Reg.No | Explanation |
|---|---|---|---|
| 1. | **Disclosure of significant Policies** The Company may post on its website key elements of its significant policies including DE&I and protection against harassment at workplace as advised by SECP vide its SRO 920 (1)/2024 dated 12 June 2024 | 35 (1,3,4) and 10 (4) | Currently, the Company has voluntarily disclosed its CSR policy on its website. However, the Company is committed to comply with this requirement and is planning to place other significant policies as per requirement of the regulation including policies for DE&I and anti-harassment. |
| 2. | **Directors Training Program for Female Executive and Head of Departments** It is encouraged to obtain DTP certification for female executive and one head of department every year starting from July 2020 and July 2022 respectively. | 19 (3) | The Company has not arranged any training under Directors' Training Program for female executives and head of the department during the year. However, the Company plans to arrange such trainings in the near future. |
| 3 | **Sustainability Risks and Opportunities** The Board has been made responsible to consider Sustainability Risks and Opportunities and make policies to promote diversity, equity and inclusion (DE&I) and make strategies, priorities and targets. Also board is required to periodically review and monitor and disclose the assessment of risks and disclose measures taken. | 10 ( A.1) | On June 12, 2024, the SECP has amended the Regulations, and added these requirements. Board will assess the requirement and will make policies in due course of time. |
| 4 | **Nomination Committee** The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors as it may deem appropriate in its circumstances. | 29 ( 1 ) | Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee. |
| 5 | **Risk Management Committee** The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors as it may deem appropriate in its circumstances. | 30 ( 1 ) | Currently, the Board has not constituted a risk management committee and the Company's Internal Auditor, performs the requisite functions and apprises the board accordingly. |

**Chairman**

**Karachi**
**October 7, 2025**

**Director**

# INDEPENDENT AUDITOR'S REVIEW REPORT
# To the members of Sunrays Textile Mills Limited

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

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

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

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

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

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

Yousuf Adil

**Chartered Accountants**

**Multan**
**Date:** October 7, 2025
**UDIN:** CR2025101808dualXetK

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Sunrays Textile Mills Limited
## Report on the Audit of the Unconsolidated Financial Statement

## Opinion

We have audited the annexed unconsolidated financial statements of Sunrays Textile Mills Limited (the Company), which comprise the statement of unconsolidated financial position as at June 30, 2025, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements including a summary of material accounting policies information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2025 and of the profit and other comprehensive income, changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters is the matter that, in our professional judgment, was of most significance in our audit of the unconsolidated financial statements of the current period. This matter was addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### Following is the key audit matter:

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| **. Revenue Recognition** | |
| The Company is engaged in manufacturing and sale of yarn. Revenue recognition policy has been explained in note 4.14 and the related amounts of revenue recognized during the year are disclosed in note 27 to the unconsolidated financial statements.<br><br>The Company generates revenue from sale of goods to domestic as well as export customers.<br><br>Revenue from the sale is recognized, when control of goods is transferred to the customer and the performance obligation is satisfied.<br><br>We identified revenue recognition as key audit matter since it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized on point in time basis i.e. when control of goods is transferred to the customer, in line with the accounting policy adopted and may not have been recognized in the appropriate period. | Our audit procedures to address the Key Audit Matter included the following:<br>• Obtained an understanding of revenue from customers and assessing the design and implementation and operating effectiveness of controls around recognition of revenue;<br>• Assessed the appropriateness of the Company's accounting policies for revenue recognition in light of IFRS -15 'Revenue from contracts with customer;<br>• Checked on a sample basis whether the recorded sales transactions were based on transfer of goods to the customer, satisfying the performance obligation and were recorded in the appropriate accounting period; and<br>• Testing timeliness of revenue recognition by comparing individual sales transaction before and after the year end to underlying documents. |

| Valuation of Stock in Trade | |
|---|---|
| Stock-in-trade has been valued following an accounting policy as stated in note 4.9 to the unconsolidated financial statements and stock in trade is disclosed in note 9 to the unconsolidated financial statements. Stock in trade forms material part of the Company's assets comprising around 21.31% of total assets.<br><br>The stock in trade is carried at lower of cost or net realizable value. The cost of finished goods and work in process is determined using the average manufacturing costs including production overhead, which includes judgement in relation to the allocation of overheads, which incurred in bringing the finished goods to its present location and condition. Judgement are also involved in determining the net realizable value (NRV) (estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale) of stock in trade in line with accounting policy adopted<br><br>Due to the above factors, we have considered the valuation of stock in trade as key audit matter. | Our audit procedures to address the Key Audit Matter included the following:<br>• Observing physical inventory count at year end and comparing, on a sample basis, physical counted inventories with valuation sheets provided the management;<br>• Obtained an understanding of mechanism of recording purchases and valuation of stock in trade;<br>• Tested on sample basis purchases and directly attributable costs with underlying supporting documents;<br>• Verified on test basis, the moving average calculation of raw material as per accounting policy;<br>• Verified the calculation of the actual overhead costs and checked allocation labor and overhead costs to the finished goods and work in process; and<br>• Checked the calculation of NRV of itemized list of stock in trade, on selected sample and compared the NRV with the cost to ensure that valuation of stock in trade is in line with the accounting policy. |

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

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

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

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

**a)** Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

**b)** the statement of unconsolidated financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

**c)** Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

**d)** no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Sufyan.

Yousuf Adil

**Chartered Accountants**

**Multan**

**Date:** October 7, 2025

**UDIN:** AR202510180RA8159koL

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2025

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | ------------- Rupees ------------- | |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | **8,360,937,311** | 7,583,547,948 |
| Long term investment | 6 | **190,850,000** | 190,850,000 |
| Long term advances | 7 | **37,036,826** | 86,968,155 |
| Long term deposits | | **6,991,200** | 6,991,200 |
| | | **8,595,815,337** | 7,868,357,303 |
| **Current assets** | | | |
| Stores and spares | 8 | **297,664,297** | 247,706,284 |
| Stock in trade | 9 | **4,250,339,067** | 2,395,400,226 |
| Trade debts | 10 | **4,441,878,054** | 3,068,459,274 |
| Loans and advances | 11 | **78,082,239** | 102,153,113 |
| Advance income tax | | **307,644,358** | 185,868,153 |
| Trade deposits and other receivables | 12 | **188,038,002** | 34,765,901 |
| Short term investments | 13 | **748,311,298** | 531,794,041 |
| Taxes refundable | 14 | **1,122,554,712** | 896,882,446 |
| Cash and bank balances | 15 | **78,747,915** | 83,986,195 |
| | | **11,513,259,942** | 7,547,015,633 |
| **Total assets** | | **20,109,075,279** | 15,415,372,936 |
| **EQUITY AND LIABILITIES** | | | |
| **Share capital and reserves** | | | |
| Issued, subscribed and paid-up capital | 16 | **207,000,000** | 207,000,000 |
| Share premium | | **3,600,000** | 3,600,000 |
| Surplus on revaluation of property, plant and equipment | 17 | **2,339,991,652** | 1,536,985,734 |
| Reserves | 18 | **6,112,000,000** | 6,112,000,000 |
| Unappropriated profit | | **488,946,068** | 343,840,993 |
| | | **9,151,537,720** | 8,203,426,727 |
| **Non-current liabilities** | | | |
| Long term financing | 19 | **2,500,327,267** | 2,707,707,420 |
| Deferred taxation | 20 | **637,810,279** | 369,173,962 |
| Deferred liabilities | 21 | **143,125,378** | 115,514,664 |
| | | **3,281,262,924** | 3,192,396,046 |
| **Current liabilities** | | | |
| Trade and other payables | 22 | **1,214,663,015** | 976,285,148 |
| Accured markup | 23 | **219,598,634** | 175,788,524 |
| Short term borrowings | 24 | **5,474,378,533** | 2,285,390,105 |
| Current portion of long term financing | 19 | **418,053,579** | 223,944,846 |
| Unclaimed dividend | | **22,523,062** | 22,523,062 |
| Provision for taxation | 25 | **327,057,812** | 335,618,478 |
| | | **7,676,274,635** | 4,019,550,163 |
| **Contingencies and commitments** | 26 | | |
| **Total equity and liabilities** | | **20,109,075,279** | 15,415,372,936 |

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
# FOR THE YEAR ENDED JUNE 30, 2025

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | -------------- Rupees -------------- | |
| Revenue from contracts with customers | 27 | **19,257,155,909** | 20,148,888,456 |
| Cost of sales | 28 | **(17,754,040,561)** | (18,544,262,066) |
| Gross profit | | **1,503,115,348** | 1,604,626,390 |
| Distribution cost | 29 | **(140,268,503)** | (200,511,914) |
| Administrative expenses | 30 | **(359,291,580)** | (311,256,220) |
| Other expenses | 31 | **(97,121,267)** | (51,655,749) |
| Finance cost | 32 | **(1,060,768,884)** | (1,023,046,345) |
| Other income | 33 | **463,880,432** | 464,793,625 |
| | | **(1,193,569,802)** | (1,121,676,603) |
| **Profit before final taxes,revenue taxes and income tax** | | **309,545,546** | 482,949,787 |
| Final taxes | 34 | **-** | 1,325,666 |
| Profit before revenue taxes and income tax | | **309,545,546** | 484,275,453 |
| Revenue taxes | 35 | **(150,654,284)** | (254,899,826) |
| Profit before income tax | | **158,891,262** | 229,375,627 |
| Income tax | 36 | **(82,268,065)** | (52,181,844) |
| **Profit for the year** | | **76,623,197** | 177,193,783 |
| **Earnings per share - basic and diluted** | 37 | **3.70** | 8.56 |

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

| | | |
|---|---|---|
| Shabbir Kausar<br>Chief Financial Officer | Kashif Riaz<br>Chief Executive Officer | Mian Imran Ahmed<br>Chairman |

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
# FOR THE YEAR ENDED JUNE 30, 2025

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | ------------ Rupees ------------ | |
| Profit for the year | | **76,623,197** | 177,193,783 |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurement of defined benefit obligation - gratuity | 21.1.1 | **946,615** | 521,729 |
| Related tax thereon | | **(312,383)** | (172,171) |
| Impact on change in tax rate | | - | 10,806,263 |
| | | **634,232** | 11,155,821 |
| Revaluation surplus on property, plant and equipment | 17 | **1,150,373,719** | - |
| Related tax thereon | | **(279,520,155)** | - |
| Adjustment of deferred tax relating to surplus on revaluation of operating fixed assets due to change in tax rate | | **-** | (334,174,975) |
| | | **870,853,564** | (334,174,975) |
| **Total comprehensive income for the year** | | **948,110,993** | **(145,825,371)** |

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED JUNE 30, 2025

| | Share capital | Capital reserves | | | Revenue reserves | | Total |
|---|---|---|---|---|---|---|---|
| | | Share premium | Capital reserve | Surplus on revaluation of fixed assets | General reserve | Unappropriated profit | |
| | Rupees | | | | | | |
| Balance as at June 30, 2023 | 207,000,000 | 3,600,000 | - | 1,983,349,881 | 612,000,000 | 5,543,302,217 | 8,349,252,098 |
| **Comprehensive income for the year** | | | | | | | |
| Profit for the year | - | - | | - | - | 177,193,783 | 177,193,783 |
| Other comprehensive income | - | - | | (334,174,975) | - | 11,155,821 | (323,019,154) |
| Total comprehensive income for the year | - | - | | (334,174,975) | - | 188,349,604 | (145,825,371) |
| Transfer from unappropriate profits to capital reserve | - | - | 2,500,000,000 | - | | (2,500,000,000) | - |
| Transfer from unappropriate profits to general reserve | - | - | - | - | 3,000,000,000 | (3,000,000,000) | - |
| Transfer from surplus on revaluation of property, plant and account of incremental depreciation | - | - | - | (112,189,172) | - | 112,189,172 | - |
| Balance as at June 30, 2024 | 207,000,000 | 3,600,000 | 2,500,000,000 | 1,536,985,734 | 3,612,000,000 | 343,840,993 | 8,203,426,727 |
| **Comprehensive income for the year** | | | | | | | |
| Profit for the year | - | - | - | - | - | **76,623,197** | **76,623,197** |
| Other comprehensive income | - | - | - | **870,853,564** | - | **634,232** | **871,487,796** |
| **Total comprehensive income for the year** | - | - | - | **870,853,564** | - | **77,257,429** | **948,110,993** |
| Transfer from surplus on revaluation of property, plant and account of incremental depreciation | - | - | - | **(67,847,646)** | - | **67,847,646** | - |
| **Balance as at June 30, 2025** | **207,000,000** | **3,600,000** | **2,500,000,000** | **2,339,991,652** | **3,612,000,000** | **488,946,068** | **9,151,537,720** |

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

# UNCONSOLIDATED STATEMENT OF CASH FLOWS
# FOR THE YEAR ENDED JUNE 30, 2025

| | NOTES | 2025 | 2024 |
|---|---|---|---|
| **A. CASH FLOWS FROM OPERATING ACTIVITIES** | | ------------ Rupees | ---------- |
| Profit before income tax | | **158,891,262** | 229,375,627 |
| Adjustments for: | | | |
| Depreciation on property, plant and equipment | | **690,642,300** | 635,191,554 |
| Unrealized (gain) / loss on re-measurement of other financial assets-net | | **(217,242,032)** | (201,327,771) |
| Realized gain on disposal of other financial assets-net | | **(694,262)** | (2,170,763) |
| Provision for staff retirement benefits - gratuity | | **53,995,391** | 33,038,006 |
| Gain on sale of property, plant and equipment- net | | **(6,731,722)** | (2,125,985) |
| Dividend income | | **(26,765,122)** | (27,604,610) |
| Interest income | | **(182,040,595)** | (1,465,822) |
| Finance cost | | **1,060,768,884** | 1,023,046,345 |
| Final taxes | | **-** | (1,325,666) |
| Revenue taxes | | **150,654,284** | 254,899,826 |
| **Operating cash flows before changes in working capital** | | **1,681,478,388** | 1,939,530,741 |
| **Changes in working capital** | | | |
| (Increase) / decrease in current assets | | | |
| Stores and spares | | **(49,958,013)** | (137,867,784) |
| Stock in trade | | **(1,854,938,841)** | (143,556,751) |
| Trade debts | | **(1,373,418,780)** | (1,887,158,797) |
| Loans and advances (excluding advance income tax ) | | **24,070,874** | 7,128,827 |
| Trade deposits and other receivables | | **(153,272,101)** | 42,842,040 |
| Sales tax refundable | | **(225,672,266)** | (212,735,687) |
| Increase in current liabilities | | | |
| Trade and other payables | | **238,377,867** | 377,091,973 |
| | | **(3,394,811,260)** | (1,954,256,179) |
| **Cash used in operations** | | **(1,713,332,872)** | (14,725,438) |
| Finance cost paid | | **(1,016,958,774)** | (980,909,902) |
| Staff retirement benefits - gratuity paid | | **(15,393,375)** | (5,656,454) |
| Income taxes paid | | **(374,455,446)** | (186,065,785) |
| **Net cash used in operating activities** | | **(3,120,140,467)** | (1,187,357,579) |
| **B. CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Additions to property, plant and equipment | | **(196,010,272)** | (78,925,326) |
| Additions to capital work in progress | | **(134,206,654)** | (889,511,425) |
| Proceeds from disposal of property, plant and equipment | | **69,222,034** | 3,600,000 |
| Payment for purchase of short term investments | | **(25,811,206)** | (28,701,439) |
| Proceeds from disposal of short term investments | | **27,230,244** | 13,994,585 |
| Dividend income | | **26,765,122** | 27,604,610 |
| Interest income | | **182,040,595** | 1,465,822 |
| **Net cash used in investing activities** | | **(50,770,137)** | (950,473,173) |
| **C. CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Long term finances obtained | | **256,374,540** | 244,605,000 |
| Repayment of long term finances | | **(279,690,644)** | (160,801,797) |
| Short term borrowings - net | | **1,324,555,815** | 1,998,625,824 |
| Dividends paid | | **-** | (1,678,139) |
| **Net cash generated from financing activities** | | **1,301,239,711** | 2,080,750,888 |
| **Net decrease in cash and cash equivalents (A+B+C)** | | **(1,869,670,893)** | (57,079,864) |
| **Cash and cash equivalents at beginning of the year** | | **(202,778,086)** | (145,698,222) |
| **Cash and cash equivalents at end of the year** | | **(2,072,448,979)** | (202,778,086) |
| **CASH AND CASH EQUIVALENTS** | | | |
| Cash and bank balances | **15** | **78,747,915** | 83,986,195 |
| Running finance | **24** | **(2,151,196,894)** | (286,764,281) |
| Net cash and cash equivalents at end of the year | | **(2,072,448,979)** | **(202,778,086)** |

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
# FOR THE YEAR ENDED JUNE 30, 2025

**1. GENERAL INFORMATION**

1.1 Sunrays Textile Mills Limited "the Company" was incorporated in Pakistan on August 27, 1987 as a public limited company under the repealed Companies Ordinance, 1984 (Now Companies Act 2017) and its shares are quoted on the Pakistan Stock Exchange. The Company is principally engaged in trade, manufacture and sale of yarn. The registered office of the Company is situated at Office no. 508, 5th floor, Beaumont Plaza, Beaumont Road, Civil Lines Quarters, Karachi. The mill site is located at Khanpur Shumali khewat no. 359, District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab having area of 727 Kanal and 10 Marlas.

1.2 These financial statements are the Unconsolidated financial statements of the Company in which investment in subsidiary company is accounted for on the basis of actual cost incurred to acquire subsidiary. Consolidated financial statements are prepared separately.

**2. BASIS OF PRESENTATION**

**2.1 Statement of compliance**

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS's, the provisions of and directives issued under the Companies Act, 2017 have been folowed

**2.2 Basis of measurement**

These unconsolidated financial statements have been prepared under historical cost convention except indicated in note 4.1, 4.2, 4.4, 4.5, 4.10, 4.11 and 4.12.

**2.3 Functional and presentation currency**

The unconsolidated financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

**2.4 Significant accounting estimates and judgments**

The preparation of unconsolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised.

In preparing these unconsolidated financial statements, the significant judgement made by the management in applying accounting policies include:

- useful life and residual values of depreciable assets (note 4.5 and 5.1)
- allowance for expected credit losses;
- provision for current tax and deferred tax (note 4.2, 34, 35 and 36 )
- revaluation of assets pertaining to freehold land, building on freehold landand land and
- staff retirement benefits (note 4.1 and 21.1)
- net realizable value of stock-in-trade (note 4.9 and 9)

**3. Adoption of new and revised accounting standards**

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following date:

**3.1 New amendments that are effective for the year ended June 30, 2025**

The following amendments are effective for the year ended June 30, 2025. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional

Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Convenants

Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements

**3.2** Standard and amendments to IFRS that are not yet effective

The following standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

| | **Effective from accounting period beginning on or after:** |
|---|---|
| Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability | January 01, 2025 |
| IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17) | January 01, 2026 |
| Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments | January 01, 2026 |
| Annual Improvements to IFRS Accounting Standards (related to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7) | January 01, 2026 |
| Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Contracts Referencing Nature-dependent Electricity | January 01, 2026 |

**3.3** Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 - Presentation and Disclosures in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures

## 4. MATERIAL ACCOUNTING POLICIES INFORMATION

The company has consistently applied the following accounting policies to all periods presented in these unconsolidated financial statements.

### 4.1 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering all its employees. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation. Actuarial gains and losses are recognized immediately as they arise in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested. Otherwise it is amortized on a straight line basis over the average Details of the scheme are given in the note 21.1 to these unconsolidated financial statements.

### 4.2 Taxation / Revenue Taxes / Final Taxes

**Current**

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, as per Income Tax Ordinance,2001.

**Revenue Taxes**

Revenue taxes includes amount representing excess of :

a)minimum tax paid under section 113 over income tax determined on income streams taxable at general rate of taxation; and

b)minimum tax withheld / collected / paid or computed over tax liability computed on (related income tax streamstaxable at general rate of tax), is not adjustable against tax liability of

Amount over income tax determined on income streams taxable at general rate of taxation shall be treated as revenue taxes.

The company determines, based on expected future taxable profits, that excess paid under section 113 by the entity over and above its tax liability (on income stream(s) taxable at general rate of taxation) is expected to be realized in subsequent tax years, then, such excess shall be recorded as deferred tax asset adjustable against tax liability for subsequent tax years. This shall be recognized as 'deferred tax asset' for the reason that it represents unused tax credit as it can be adjusted only against tax liability (of subsequent tax years) arising on taxable income subject to general rate of taxation. Such an asset shall be subject to requirements contained in IAS 12 'Income Tax'

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other

(a) those outflows of resources that are within the scope of other standards.

(b) fines or other penalties that are imposed for breaches of the legislation.

In these financial statements, levy includes minimum taxes differential, if any, final taxes and super taxes which are calculated on a basis other than taxable profits. The corresponding advance tax paid, except for minimum taxes under section 113, which are treated as levy are recognised as prepaid assets.

**Final Taxes**

Final taxes includes tax charged / withheld / paid on certain income streams under various provisions of Income Tax Ordinance, 2001 (Ordinance). Final tax is charged / computed under the Ordinance, without reference to income chargeable to tax at the general rate of tax and final tax computed / withheld or paid for a tax year is construed as final tax liability for the related stream of Income under the Ordinance.

Final tax paid is considered to be full and final discharge of the tax liability for the Company for a tax year related to that income stream.

**Deferred**

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes after considering, the average enacted tax rate.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized. Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

**4.3 Dividend distribution**

Dividend distribution to the Company's shareholders is recognized as a liability in the unconsolidated financial statement in the period in which the dividends are approved by the company's shareholders

**4.4 Foreign currencies**

Transactions in currencies other than Pakistani Rupees are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates Gains and losses arising on retranslation are included in profit or loss for the period.

**4.5 Property, plant and equipment**

Property, plant and equipment except free hold land, building on freehold land, plant and machinery, electric installations and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses.

**Revaluation**

Free hold land, building on free hold land, plant and machinery and electric installations are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the statement of financial position date. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on revaluation of property, plant and equipment'. A decrease in the carrying amount arising surplus on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to previously revalued assets. To the extent of incremental depreciation charged on revalued assets, on disposal of revalued assets and the related surplus on revaluation (net of deferred tax) is trans--ferred directly to unappropriate profit.

Depreciation is charged to income applying reducing balance method to write-off the cost over the estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Rates of depreciation are stated in note 6. In respect of additions and disposals during the year, depreciation is charged from the month when the assets is available for use and ceased from the month of disposal, to the statement of profit or loss applying the reducing balance

Gains / losses on disposal of operating assets, if any, are recognized in unconsolidated statement of profit and loss account, as and when incurred. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

Normal repairs and maintenance are charged to unconsolidated statement of profit and loss account as and when incurred. Major renewals and improvements are capitalized and assets replaced, if any, other than those kept as stand-by are retired.

**Capital work-in-progress**

Capital work-in-progress (CWIP) is stated at cost less any recognized impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are available for use.

**4.6 Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Any gain or loss on disposal of investment property, calculated as difference between the proceeds from disposal and the carrying amount is recognised in the unconsolidated statement of Profit and Loss.

**4.7 Long term investment**

**Investment in subsidiary company**

Investment in subsidiary is initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investment are adjsuted accordingly. Impairment losses are recognized as an expense in the unconsolidated statement of profit and loss. Where impairment losses are subsequently reversed, the carrying amounts of investments are increased to revise recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the unconsolidated statement of profit and loss.

**4.8 Stores and spares**

These are valued at lower of cost or net realizable value, cost is determined on the basis of moving average cost less allowance for obsolete and slow moving items, except for items in transit which are valued at cost incurred to the statement of financial position.

**4.9 Stock in trade**

These are valued at lower of cost and net realizable value. Cost is determined by applying the following basis:

| | |
|---|---|
| Raw material | |
| - At mills | Weighted average cost |
| - In transit | At cost incurred to the statement of financial position |
| Work in process | Average manufacturing cost |
| Finished goods | Average manufacturing cost |
| Waste | Net realizable value |

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

**4.10 Trade debts**

Trade debts and other receivables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method less allowance for expected credit losses.

**4.11 Impairment of non-financial assets**

The Company assesses at each statement of financial position 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 amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in unconsolidated statement of profit and loss. The recoverable amount is the higher of an asset's fair value to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversal of impairment loss is recognized as income.

### 4.12 Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### 4.12.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Classification of financial assets**

**a) Debt instruments measured at amortised cost**

Debt instruments that meet the following conditions are measured subsequently at amortised

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial

As at reporting date, the Company carries cash and cash equivalents, trade receivables and term finance certificate at amortized cost.

**b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)**

Debt instruments that meet specified conditions and are measured subsequently at fair value through other comprehensive income (FVTOCI).

As at reporting date, the Company does not hold any debt instrument classified as at FVTOCI.

**c) Equity instruments designated as at FVTOCI**

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

As at reporting date, the Company does not hold any equity instrument classified as at FVTOCI.

**d) Financial assets measured subsequently at fair value through profit or loss (FVTPL)**

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

As at reporting date, the Company carries investments in shares of listed companies and units of mutual funds classified as at FVTPL.

**Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost or at FVTPL, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12?month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receiveables.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

**Definition of default:**

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

**Write-off policy**

The Company writes off financial assets when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognised in profit or loss.

**Derecognition of financial assets**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**4.12.2 Financial liabilities**

**Subsequent measurement of financial liabilities**

Financial liabilities that are not

- contingent consideration of an acquirer in a business combination,
- held-for-trading, or
- designated as at FVTPL, are measured subsequently at amortised cost using the effective

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

**4.12.3 Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is

**4.12.4 Off setting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the Company has a current legal enforceable right to set off the recognized amount and the Company also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**4.13 Trade and other payables**

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

**4.14 Revenue recognition**

The Company is in the business of sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer and the performance obligation is satisfied under the contract at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

- Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.
- Export rebate is recognized on accrual basis at the time of making the Export sales.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (If any).

**4.15 Cash and cash equivalents**

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash and cheques in hand, balances with banks on current, saving and deposit accounts and short-term running finance. Running finances under mark-up arrangements are shown with short term borrowings on the balance sheet date.

**4.16 Borrowing cost**

Borrowings are initially recorded at the proceeds received. They are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of borrowings using the effective interest method. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to income in the period in which these are incurred.

**4.17 Borrowings**

Loans and borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance cost is accounted for on an accrual basis and are included in mark-up accrued on loans to the extent of amount remaining unpaid, if any.

**4.18 Earning Per share**

The Company presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**5. PROPERTY, PLANT AND EQUIPMENT**

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | ------------ Rupees ---------- | |
| Operating assets | 5.1 | **8,360,937,311** | **7,161,816,317** |
| Capital work-in-progress | 5.4 | **-** | **421,731,631** |
| | | **8,360,937,311** | **7,583,547,948** |

## 5.1 Operating assets

| Particulars | Cost / revalued amount | | | | Accumulated depreciation | | | | Written down value at end of year | Rate |
|---|---|---|---|---|---|---|---|---|---|---|
| | At start of year | Additions / (disposal) | Revaluation adjustment | At end of year | At start of year | For the year / (on disposal) | Revaluation adjustment | At end of year | | |
| | ---------- Rupees ---------- | | | | | | | | | |
| **Owned** | | | | | | | | | | |
| Freehold land | 983,382,055 | - | 303,342,945 | 1,286,725,000 | - | - | | - | 1,286,725,000 | - |
| Building on freehold land | 1,858,132,655 | 4,547,434 | (349,680,089) | 1,513,000,000 | 214,364,962 | 164,679,932 | (379,044,894) | - | 1,513,000,000 | 10% |
| Plant and machinery | 5,227,661,906 | 334,832,175 | (987,524,081) | 4,574,970,000 | 1,073,579,024 | 441,117,887 | (1,514,696,911) | - | 4,574,970,000 | 10% |
| Electric installations | 245,026,774 | 310,242,367 | 180,030,859 | 735,300,000 | 65,763,927 | 44,698,354 | (110,462,281) | - | 735,300,000 | 10% |
| Factory equipments | 4,255,496 | 210,000 | - | 4,465,496 | 3,128,550 | 126,695 | - | 3,255,245 | 1,210,251 | 10% |
| Office equipments | 5,066,546 | - | - | 5,066,546 | 4,264,086 | 80,246 | - | 4,344,332 | 722,214 | 10% |
| Electric appliances | 4,617,405 | - | - | 4,617,405 | 3,673,478 | 94,393 | - | 3,767,871 | 849,534 | 10% |
| Furniture and fittings | 17,480,564 | - | - | 17,480,564 | 7,855,814 | 962,475 | - | 8,818,289 | 8,662,275 | 10% |
| Vehicles | 302,647,583 | 152,047,910 | - | 372,299,177 | 113,824,826 | 38,882,318 | - | 132,801,140 | 239,498,037 | 20% |
| | | (82,396,316) | | | | (19,906,004) | | | | |
| **2025** | **8,648,270,984** | **801,879,886** | **(853,830,366)** | **8,513,924,188** | **1,486,454,667** | **690,642,300** | **(2,004,204,086)** | **152,986,877** | **8,360,937,311** | |
| | | **(82,396,316)** | | | | **(19,906,004)** | | | | |
| **Owned** | | | | | | | | | | |
| Freehold land | 981,040,000 | 2,342,055 | - | 983,382,055 | - | - | - | - | 983,382,055 | - |
| Building on freehold land | 500,000,000 | 1,358,132,655 | - | 1,858,132,655 | 50,000,000 | 164,364,962 | - | 214,364,962 | 1,643,767,693 | 10% |
| Plant and machinery | 2,441,364,078 | 2,786,297,828 | - | 5,227,661,906 | 644,913,282 | 428,665,742 | - | 1,073,579,024 | 4,154,082,882 | 10% |
| Electric installations | 69,644,240 | 175,382,534 | - | 245,026,774 | 47,575,300 | 18,188,627 | - | 65,763,927 | 179,262,847 | 10% |
| Factory equipments | 4,255,496 | - | - | 4,255,496 | 3,003,333 | 125,217 | - | 3,128,550 | 1,126,946 | 10% |
| Office equipments | 5,066,546 | - | - | 5,066,546 | 4,174,924 | 89,162 | - | 4,264,086 | 802,460 | 10% |
| Electric appliances | 4,617,405 | - | - | 4,617,405 | 3,568,597 | 104,881 | - | 3,673,478 | 943,927 | 10% |
| Furniture and fittings | 11,396,564 | 6,084,000 | - | 17,480,564 | 7,349,731 | 506,083 | - | 7,855,814 | 9,624,750 | 10% |
| Vehicles | 180,663,217 | 130,134,866 | - | 302,647,583 | 97,354,431 | 23,146,880 | - | 113,824,826 | 188,822,757 | 20% |
| | | (8,150,500) | | | | (6,676,485) | | | | |
| **2024** | 4,198,047,546 | 4,458,373,938 | - | 8,648,270,984 | 857,939,598 | 635,191,554 | - | 1,486,454,667 | 7,161,816,317 | |
| | | (8,150,500) | | | | (6,676,485) | | | | |

**5.2** Disposal of property, plant and equipment of book value exceeding Rs. 500,000

| Particulars | Cost | Accumulated Depreciation | Carrying value | Sale proceeds | Gain | Mode of Disposal | Relationship | Particulars of buyers |
|---|---|---|---|---|---|---|---|---|
| | ---------- Rupees ---------- | | | | | | | |
| **For the year ended June 30, 2025** | | | | | | | | |
| **Vehicle** | | | | | | | | |
| Toyota Hilux | 1,569,000 | 1,482,144 | 86,856 | 250,000 | 163,144 | Negotiation | Third party | Mehmood Aziz |
| BMW | 60,325,988 | 1,499,771 | 58,826,217 | 59,322,034 | 495,817 | Negotiation | Third party | Hum Network |
| Honda Civic | 3,904,500 | 2,837,867 | 1,066,633 | 1,150,000 | 83,367 | Negotiation | Third party | Maryam Bibi |
| BMW | 13,829,758 | 11,880,105 | 1,949,653 | 7,500,000 | 5,550,347 | Insurance claim | Third party | EFU General Insurance |
| Toyota Alphard | 2,767,070 | 2,206,117 | 560,953 | 1,000,000 | 439,047 | Negotiation | Third party | Muhammad Nadeem Ahmad |
| | **82,396,316** | **19,906,004** | **62,490,312** | **69,222,034** | **6,731,722** | | | |
| **For the year ended June 30, 2024** | | | | | | | | |
| **Vehicle** | | | | | | | | |
| Toyota Corolla A/T Gli | 1,789,500 | 1,660,506 | 128,994 | 600,000 | 471,006 | Negotiation | Third party | Muhammad Naeem Ahmed |
| Suzuki Cultus | 1,406,000 | 1,073,643 | 332,357 | 500,000 | 167,643 | Negotiation | Third party | Gul Sumaira Bushra |
| Honda Civic | 2,634,500 | 1,936,208 | 698,292 | 2,000,000 | 1,301,708 | Negotiation | Third party | Najam Ul Islam |
| Toyota Corolla | 2,320,500 | 2,006,128 | 314,372 | 500,000 | 185,628 | Negotiation | Third party | Shahzad Hassan |
| | **8,150,500** | **6,676,485** | **1,474,015** | **3,600,000** | **2,125,985** | | | |

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | ------------ Rupees ---------- | |
| **5.3** | Depreciation for the year has been allocated as under: | | | |
| | Cost of sales | 28 | **650,622,864** | 611,344,547 |
| | Administrative expenses | 30 | **40,019,436** | 23,847,007 |
| | | | **690,642,300** | 635,191,554 |
| **5.4** | **Capital work in progress** | | | |
| | Machinery | | - | 223,751,801 |
| | Electric installations | | - | 197,979,830 |
| | | 5.4.1 | - | 421,731,631 |
| **5.4.1** | **Movement in capital work in progress** | | | |
| | Opening balance | | **421,731,631** | 3,822,113,899 |
| | Additions during the year | | **184,137,983** | 889,511,425 |
| | Transfer to operating assets | | **(605,869,614)** | (4,289,893,693) |
| | | | - | 421,731,631 |

**5.5** The Company has its freehold land, building on freehold land and plant and machinery revalued on June 30, 2025 by Joseph Lobo (Private) Limited & M.Y.K Associate (Private) Limited, independent valuers. The basis used for the revaluation of these assets were as follows:

**Freehold land**

Fair market value of the land was assessed through inquiries in the vicinity of land, recent market deals and information obtained through estate agents and property dealers of the area.

**Building on freehold land**

Fair market value of the building was assessed mainly through new construction value, depreciation cost factors, state of infrastructure, current trends in prices of real estate in the vicinity.

**Plant and machinery and electric installations**

Fair market value of the plant and machinery and electric Installations was assessed through inquiries of local authorized dealers who deal in old and new similar type of plant and machineries. Replacement value was then ascertained from competitive rates of the plant and machinery and thereafter, an average depreciation factor was applied on the replacement value of the plant and machinery and electric installation.

Forced sale value of the above items of property, plant and equipment is as follows:

| | Rupees |
|---|---|
| Freehold land | **976,380,000** |
| Building on freehold land | **1,134,750,000** |
| Plant and machinery | **3,431,452,500** |
| Electric installations | **551,250,000** |
| | **6,093,832,500** |

**5.6** Had there been no revaluation the related figures of freehold land, building on freehold land and plant and machinery as at the statement of financial position date would have been as follows;

| | 2025 | 2024 |
|---|---|---|
| | ------------ Rupees ---------- | |
| Freehold land | **124,872,785** | 124,872,785 |
| Building on freehold land | **1,146,524,207** | 1,269,199,929 |
| Plant and machinery | **3,473,521,863** | 3,515,999,207 |
| Electric installation | **444,806,861** | - |
| | **5,189,725,716** | 4,910,071,921 |

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | ------------ Rupees ---------- | |
| **6.** | **LONG TERM INVESTMENTS** | | | |
| | **Investment in subsidiary company - at cost** | | | |
| | **Embee Industries (Private) Limited** | 6.1 | **190,850,000** | 190,850,000 |

**6.1** As at the reporting date, the Company holds 100 percent shares (173,500 issued, subscribed and paid up share of Rs. 100 each) of Embee Industries Private Limited which was engaged in the business of manufacturing and sale of ice.

**7.** This amount represents advances provided to suppliers for the acquisition of capital nature items.

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | ------------ Rupees ---------- | |
| **8.** | **STORES AND SPARES** | | | |
| | Stores | | **164,256,113** | 105,439,644 |
| | Spares | | **133,408,184** | 142,266,640 |
| | | | **297,664,297** | 247,706,284 |
| **9.** | **STOCK IN TRADE** | | | |
| | Raw material | | **2,955,173,389** | 768,323,885 |
| | Raw material in-transit | | **543,111,997** | 1,246,250,642 |
| | Work in process | | **120,000,081** | 109,973,699 |
| | Finished goods | | **417,937,847** | 172,091,901 |
| | Waste | | **214,115,753** | 98,760,099 |
| | | | **4,250,339,067** | 2,395,400,226 |
| **10.** | **TRADE DEBTS** | | | |
| | Foreign - secured and considered good | | **771,091,927** | 373,456,203 |
| | Local - unsecured | 10.1 | **3,712,635,350** | 2,712,141,717 |
| | | | **4,483,727,277** | 3,085,597,920 |
| | Allowance for expected credit losses | 10.2 | **(41,849,223)** | (17,138,646) |
| | | | **4,441,878,054** | 3,068,459,274 |

**10.1** It includes due from associated undertakings relating to sale of yarn in normal course of business. Detail of balances due is as follows:

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | ------------ Rupees ---------- | |
| | Indus Home Limited | 10.5 & 44 | **608,222** | 96,265,396 |
| **10.2** | **Allowance for expected credit losses** | | | |
| | Opening balance | | **17,138,646** | 2,905,285 |
| | Expected credit losses | | **24,710,577** | 14,233,361 |
| | Closing balance | | **41,849,223** | 17,138,646 |

**10.3** Trade debts are generally on 60 to 90 days credit terms.

**10.4** As at year end, trade receivables of Rs. 41.85 millon (2024: Rs. 17.14 million) were past due.

**10.5** The maximum outstanding balance during the year due from Indus Home Limited is Rs. 119.04 million (2024: Rs. 96.27 million).

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | ------------ Rupees ---------- | |
| **11.** | **LOANS AND ADVANCES** | | | |
| | **Considered good** | | | |
| | Due from employees | 11.1 | **22,938,277** | 29,586,502 |
| | Advances : | | | |
| | To suppliers / services | | **43,102,324** | 65,984,452 |
| | Letter of credit margin | | **12,041,638** | 6,582,159 |
| | | | **78,082,239** | 102,153,113 |

**11.1** These are interest free loans, secured against gratuity.

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | ------------ Rupees ---------- | |
| **12.** | **TRADE DEPOSITS AND OTHER RECEIVABLES** | | | |
| | Bank guarantee margin | | **161,341,830** | 21,896,388 |
| | Cotton claims - considered good | | **25,069,397** | 10,033,679 |
| | Rebate claims | | **972,863** | 2,122,182 |
| | Other | | **653,912** | 713,652 |
| | | | **188,038,002** | 34,765,901 |
| **13.** | **OTHER FINANCIAL ASSETS** | | | |
| | **At fair value through profit or loss** | | | |
| | Investments in units of mutual funds | 13.1 | **240,496** | 5,752,512 |
| | Investment in ordinary shares of listed companies | 13.2 | **643,070,802** | 421,041,529 |
| | **At amortized cost** | | | |
| | Investment in term finance certificate | 13.3 | **100,000,000** | 100,000,000 |
| | Term deposit receipts | 13.4 | **5,000,000** | 5,000,000 |
| | | | **748,311,298** | **531,794,041** |

**13.1 Investments in units of mutual funds**

| 2025 | 2024 | | 2025 | 2024 |
|---|---|---|---|---|
| **Number of units** | | | ------------ Rupees ---------- | |
| **7** | 6 | Alfalah GHP Money Market Fund | **682** | 594 |
| **6** | 858 | HBL Money Market Fund | **593** | 88,561 |
| **97** | 27,994 | UBL Cash Fund | **9,700** | 2,803,797 |
| **12,423** | 285,722 | NBP Mahana Amadni Fund | **124,636** | 2,859,560 |
| **110** | - | Faisal Cash Fund | **11,013** | - |
| **314** | - | UBL Stock Advantage Fund | **64,770** | - |
| **169** | - | MCB Cash Management Optimizer | **17,332** | - |
| **364** | - | Nafa Stock Fund | **11,745** | - |
| **1** | - | Nafa Islamic Energy Fund | **25** | - |
| **13,490** | 314,579 | | **240,496** | 5,752,512 |

**13.2 Investment in ordinary shares of listed companies**

| 2025 | 2024 | | 2025 | 2024 |
|---|---|---|---|---|
| **Number of shares** | | | ------------ Rupees ---------- | |
| **-** | 32,920 | Engro Corporation Limited | **-** | 10,952,813 |
| **510,500** | 102,100 | Systems Limited | **54,694,970** | 42,708,430 |
| **342** | - | Highnoon Labortaries Limited | **337,882** | - |
| **104,000** | 104,000 | Pakistan Aluminium Beverages Cans Limited | **15,004,080** | 7,680,400 |
| **84,750** | 84,750 | Tariq Glass Industries Limited | **21,286,658** | 9,877,613 |
| **476,500** | 95,300 | Lucky Cement Limited | **169,271,860** | 86,411,369 |
| **21,239** | 104,004 | Mughal Iron & Steel Industries Limited | **1,531,757** | 9,672,372 |
| **10,245** | - | Mughal Iron & Steel Industries Limited (Class C) | **430,290** | - |
| **172,140** | 177,140 | Hub Power Company Limited | **23,722,613** | 28,887,991 |
| **159,308** | 19,500 | Mari Energies Limited | **99,868,592** | 52,890,630 |
| **651,600** | 626,100 | Meezan Bank Limited | **216,363,780** | 149,882,079 |
| **116,600** | - | Bank Al Falah Limited | **9,355,984** | - |
| **73,875** | - | Engro Holding Limited | **13,486,620** | - |
| **261,448** | 261,448 | Interloop Limited | **17,715,716** | 18,518,362 |
| **-** | 42,099 | International Steels Limited | **-** | 3,559,470 |
| **2,642,547** | **1,649,361** | | **643,070,802** | 421,041,529 |

**13.3 Investment in term finance certificate**

| 2025 | 2024 | | Note | 2025 | 2024 |
|---|---|---|---|---|---|
| Number of certificates | | | | ------------ Rupees ---------- | |
| **1,000** | 1,000 | Habib Bank Limited | 13.3.1 | **100,000,000** | 100,000,000 |

**13.3.1** This represents investment in AA+ rated, unsecured, subordinated, perpetual and non-cumulative term finance certificate of Habib Bank Limited, having face value of Rs.100,000 per certificate and carries profit at the rate of 3 Months KIBOR + 1.60% per annum.

**13.4** Effective markup rate in respect of term deposit receipt ranges from 9.37% to 15.24% (2024: 15.24% to 18.53%) per annum.

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | ------------ Rupees ---------- | |
| **14. TAXES REFUNDABLE** | | | |
| Sales tax refundable | | **998,821,867** | 773,149,601 |
| Income tax refundable | | **123,732,845** | 123,732,845 |
| | | **1,122,554,712** | 896,882,446 |
| **15. CASH AND BANK BALANCES** | | | |
| Cash in hand | | **525,504** | 65,633 |
| Cash at bank | | | |
| - Current accounts | | **78,181,967** | 83,883,621 |
| - Saving accounts | 15.1 | **40,444** | 36,941 |
| | | **78,222,411** | 83,920,562 |
| | | **78,747,915** | 83,986,195 |

**15.1** Effective markup rate in respect of saving and deposit accounts ranges from 9.50% to 22% (2024: 15.24% to 18.53%) per annum.

**16. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

| 2025 | 2024 | | 2025 | 2024 |
|---|---|---|---|---|
| ------- Number of shares ------- | | | ------------ Rupees ---------- | |
| **Authorized capital** | | | | |
| **50,000,000** | 50,000,000 | Ordinary shares of Rs. 10 each | **50,000,000** | 500,000,000 |
| **Issued, subscribed and paid up capital** | | | | |
| **20,700,000** | 20,700,000 | Ordinary shares of Rs. 10 each fully paid in cash | **207,000,000** | 207,000,000 |

**16.1** 205,962 ordinary shares (2024: 205,962) of Rs. 10 each are held by the associated company as

| | 2025 | 2024 |
|---|---|---|
| Indus Dyeing & Manufacturing Company Limited | **205,962** | 205,962 |

**16.2** The Company has only one class of ordinary shares which carry no right to fixed income.

**16.3** Shareholders are entitled to cast vote proportionate to the paid up value of shares carrying voting rights. All shares rank equally with regard to the Company's residual assets.

| | 2025 | 2024 |
|---|---|---|
| | ------------ Rupees ---------- | |
| **17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT** | | |
| **Surplus on revaluation of property, plant and equipment** | | |
| Opening balance | **1,871,160,709** | 1,983,349,881 |
| Surplus arising on revaluation during the year | **1,150,373,719** | - |
| Transferred to unappropriated profit on account of : | | |
| Incremental depreciation | **(67,847,646)** | (112,189,172) |
| Related deferred tax liability due to incremental depreciation | **(33,417,497)** | - |
| | **(101,265,143)** | (112,189,172) |
| Carried forward | **2,920,269,285** | 1,871,160,709 |

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | ------------ Rupees ---------- | |
| Brought forward | | **2,920,269,285** | 1,871,160,709 |
| **Related deferred tax liability** | | | |
| Opening balance | | **334,174,975** | - |
| Addition during the year | | **279,520,155** | - |
| Related deferred tax liability due to incremental depreciation | | **(33,417,497)** | - |
| Adjustment due to change in rate | | **-** | 334,174,975 |
| | | **580,277,633** | 334,174,975 |
| Closing balance | | **2,339,991,652** | 1,536,985,734 |

**18. RESERVES**

| | Note | 2025 | 2024 |
|---|---|---|---|
| Capital reserve | 18.1 | **2,500,000,000** | 2,500,000,000 |
| General reserve | 18.2 | **3,612,000,000** | 3,612,000,000 |
| | | **6,112,000,000** | 6,112,000,000 |

**18.1** The Board of Director of the Company in its meeting held on Februery 28, 2024, decided to allocate a sum of Rs. 2.5 billion as not available for distribution by way of dividend for purposes of investment and bonus in future years.

**18.2** This represents reserve created out of profits of the Company. This reserves are not usable for profit distribution.

**19. LONG TERM FINANCING**

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | ------------ Rupees ---------- | |
| **From banking companies - secured** | | | |
| **Term finance:** | | | |
| Allied Bank Limited | 19.1 | **597,964,596** | 683,388,110 |
| Bank Al Habib Limited | 19.2 | **56,336,100** | 80,703,300 |
| Bank Al Habib Limited | 19.3 | **771,977,188** | 815,000,000 |
| | | **1,426,277,884** | 1,579,091,410 |
| **Demand finance I (DF):** | | | |
| MCB Bank Limited - DF I | 19.4 | **615,687,613** | 617,216,894 |
| MCB Bank Limited - DF II | 19.5 | **256,374,540** | - |
| | | **872,062,153** | 617,216,894 |
| **Renewable energy finance:** | | | |
| Askari Bank Limited | 19.6 | **170,000,000** | 170,000,000 |
| **Long term finance facility (LTFF):** | | | |
| United Bank Limited | 19.7 | **-** | 7,386,765 |
| Bank Alfalah Limited | 19.8 | **222,656,250** | 269,531,250 |
| MCB Bank Limited | 19.9 | **191,897,624** | 245,400,170 |
| Allied Bank Limited | 19.10 | **48,975,294** | 58,770,356 |
| Allied Bank Limited | 19.11 | **46,730,802** | 54,519,268 |
| | | **510,259,970** | 635,607,809 |
| Carried forward | | **2,978,600,006** | **3,001,916,113** |
| Less: Current portion | | **(418,053,579)** | (223,944,846) |
| Less: Deferred grant | 21.2 | **(60,219,160)** | (70,263,847) |
| | | **2,500,327,267** | **2,707,707,420** |

**19.1 Allied Bank Limited - TF**

This finance has been obtained from Allied Bank to finance / retire LCs established for import of plant and machinery and allied equipment's for establishment / requirements of the company I.e. enhancement in existing capacity of spinning set-up. The loan is repayable in 16 equal half yearly installments with 2 years grace period commencing from June 14, 2024 and the date of final repayment will be February 12, 2032. This loans carry mark up at the rate of 6 Months KIBOR + 0.75%. The finance was secured against 1st pari passu charge for over the present and future fixed assets of the Company for Rs.800 Million inclusive of 25% margin.

**19.2 Bank Al Habib Limited - TF**

This finance has been obtained from Bank Al Habib Limited for the payment of import documents drawn under LC Sight having Limit of Rs 150 million for import of renewable energy equipment and for the payment of local equipment having capacity of 1.64 Mega Watt and / or payment to local supplier if equipment to be purchased locally against each LC. The loan is repayable in 20 equal quarterly installments against each LC commencing from November 22, 2022 and the date of final repayment will be July 12, 2028. It carries mark up at the rate of 6 Months KIBOR + 0.5% .

**19.3 Bank Al Habib Limited - TF**

This finance has been obtained from Bank Al Habib Limited for the purchase of plant & machinery. The loan is repayable in 16 equal half yearly installments with 2 years grace period against each LC commencing from May 24, 2025 and the date of final repayment will be January 30, 2033 . It carries mark up at the rate of 6 Months KIBOR + 1%. The finance is secured against 1st pari passu Charge of Rs. 1,287 million (to be registered with SECP) over Fixed Assets (including Land. Building & Machinery) of the Company.

**19.4 MCB Bank Limited - DF I**

This finance has been obtained to retire / finance imported components / equipments / machinery imported through MCB used for setting-up new open ended Spinning unit. The loan is repayable in 16 equal half yearly installments after 2 years grace period against each LC. It carries mark up at the rate of 6 months KIBOR + 0.5% per annum.The finance is secured against 1st pari passu hypothecation / equitable mortgage charge of Rs 934 million with 25% margin on all fixed asset of the company

**19.5 MCB Bank Limited - DF II**

This finance has been obtained to retire / finance imported components / equipments / machinery imported through MCB used for setting-up new open ended Spinning unit. The loan is repayable in 16 equal half yearly installments after 2 years grace period against each LC. It carries mark up at the rate of 6 months KIBOR + 0.5% per annum.The finance is secured against 1st pari passu hypothecation / equitable mortgage charge of Rs 432 million with 25% margin on all fixed asset of the company.

**19.6 Askari Bank Limited - REFF**

This finance has been obtained from Askari Bank Limited for the payment of import documents drawn under LC Sight having Limit of Rs 170 million, out of which Rs. 148 million has been converted into REFF under term finance having markup at the rate of 3 month KIBOR +1.75% per annum for import of Renewable Energy Equipments (Solar Energy) having capacity of 2 Mega Watt under SBPs renewable energy refinance scheme.The loan is repayable in 32 equal quarterly installments against each LC commencing from November 25, 2025 and the date of final repayment will be August 31, 2033. During the year, markup was charged at the rate of 3 month KIBOR +1.75%for the loan not converted into REFF and at SBP + 3%on the REFF loan. The finance is secured against 1st pari passu Charge of Rs. 227 million over present and future fixed assets to be registered with SECP of the Company with 25% security margin.

**19.7 United Bank Limited - LTFF**

This finance has been obtained from United bank Limited for BMR. The loan is repayable in 10 equal half yearly installments commencing from February 18, 2019 with 11 months grace period and the date of final repayment will be August 18, 2024 . It carries markup at flat rate of 3%. The finance is secured against first pari passu charge of Rs. 125 million over all present and future fixed assets of the Company with 25% margin.

**19.8 Bank Alfalah Limited - LTFF**

This finance has been obtained from Bank Alfalah Limited for BMR. The loan is repayable in 32 equal quarterly installments commencing from June 18, 2021 with 2 years grace period and the date of final repayment will be March 13, 2030. It carries markup at flat rate of 3%. The finance is secured against first pari passu charge of Rs. 500 million over all present and future fixed assets of the Company with 25% margin.

**19.9 MCB Bank Limited - LTFF**

This finance has been obtained from MCB Bank Limited for BMR. The loan is repayable in 16 equal half yearly installments commencing from April 5, 2021 with 2 years grace period and the date of final repayment will be March 5, 2029. It carries markup at rate of 2.5%. The finance is secured against first pari passu charge of Rs. 600 million over all present and future fixed assets of the company with 25% margin.

**19.10 Allied Bank Limited - LTFF**

This finance has been obtained from Allied Bank to pay salaries & wages under SBP's Refinance scheme for payment of wages & salaries. The loan is repayable in 8 equal quarterly installments commencing from December 22, 2022 and the date of final repayment will be June 22, 2030. It carries mark up at the rate of SBP + 1.25%. The finance is secured against 1st pari passu charge on fixed assets with 25% margin.

**19.11 Allied Bank Limited - LTFF**

This finance has been obtained from Allied Bank to finance / retire LCs established for import / local procurement of plant & machinery and Allied equipment related to renewable captive power plant of the company. This finance had been obtained from Allied Bank to finance / retire LCs established for import / local procurement of plant & machinery and Allied equipment related to renewable captive power plant of the company. The loan is repayable in 16 equal half yearly installments commencing from May 25, 2022 with 3 months grace period and the date of last repayment will be May 27, 2031. It carries mark up at the rate of SBP + 0.50%. The finance is secured against first pari passu charge over all present and future fixed assets of the Company for rupees 134 million inclusive of 25% margin.

| | Note | 2025 | 2024 |
|---|---|---|---|
| **20. DEFERRED TAXATION** | | ------------ Rupees | ---------- |
| **20.1** The liability for deferred taxation comprises timing differences relating to: | | | |
| Taxable temporary differences on: | | | |
| Operating fixed assets | | **224,987,001** | 419,998,416 |
| Surplus on revaluation of operating fixed assets | | **580,277,633** | 334,174,975 |
| Other financial assets | | **57,474,771** | 20,762,999 |
| | | **862,739,405** | 774,936,390 |
| Deductible temporary differences on: | | | |
| Brought forward tax losses | | **-** | (135,929,832) |
| Allowance for expected credit losses | | **(13,810,244)** | |
| Minimum tax paid in excess of normal tax | | **(183,759,830)** | (254,899,826) |
| Provision for staff retirement benefits - gratuity | | **(27,359,052)** | (14,932,770) |
| | | **637,810,279** | 369,173,962 |

**20.1.1** Movement for the year ended June 30, 2025

| | Balance as at July 01, 2024 | Recognized in profit or loss | Recognized in other comprehensive income | Balance as at June 30, 2025 |
|---|---|---|---|---|
| | ---------- Rupees ---------- | | | |
| Taxable temporary difference: | | | | |
| Operating fixed assets | 419,998,416 | **(195,011,415)** | - | **224,987,001** |
| Surplus on revaluation of operating fixed assets | 334,174,975 | **(33,417,497)** | 279,520,155 | **580,277,633** |
| Other financial assets | 20,762,999 | **36,711,772** | - | **57,474,771** |
| Deductible temporary difference: | | | | |
| Brought forward tax losses | (135,929,832) | **135,929,832** | - | **-** |
| Allowance for expected credit losses | - | **(13,810,244)** | | **(13,810,244)** |
| Minimum tax paid in excess of normal tax | (254,899,826) | **71,139,996** | - | **(183,759,830)** |
| Provision for staff retirement benefits - gratuity | (14,932,770) | **(12,738,665)** | **312,383** | **(27,359,052)** |
| **June 30, 2025** | **369,173,962** | **(11,196,221)** | **279,832,538** | **637,810,279** |

Movement for the year ended June 30, 2024

| | Balance as at July 01, 2023 | Recognized in profit or loss | Recognized in other comprehensive income | Balance as at June 30, 2024 |
|---|---|---|---|---|
| | ---------- **Rupees** ---------- | | | |
| Taxable temporary difference: | | | | |
| Surplus on revaluation of operating fixed assets | - | - | 334,174,975 | 334,174,975 |
| Operating fixed assets | - | 419,998,416 | - | 419,998,416 |
| Other financial assets | - | 20,762,999 | - | 20,762,999 |
| Deductible temporary difference: | | | | |
| Brought forward tax losses | - | (135,929,832) | - | (135,929,832) |
| Minimum tax paid in excess of normal tax | - | (254,899,826) | - | (254,899,826) |
| Provision for staff retirement benefits - gratuity | - | (4,298,678) | (10,634,092) | (14,932,770) |
| **June 30, 2024** | - | 45,633,079 | 323,540,883 | 369,173,962 |

## 21. DEFERRED LIABILITIES

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | ------------ Rupees ---------- | |
| Staff retirement benefits - gratuity | 21.1 | **82,906,218** | 45,250,817 |
| Deferred grant | 21.2 | **60,219,160** | 70,263,847 |
| | | **143,125,378** | 115,514,664 |

### 21.1 Staff retirement benefits - gratuity

**Liability recognized in the statement of financial position**

| | 2025 | 2024 |
|---|---|---|
| Present value of defined benefit obligation | **82,906,218** | 45,250,817 |

### 21.1.1 Movement in the net liability

| | 2025 | 2024 |
|---|---|---|
| Opening balance | **45,250,817** | 18,390,994 |
| Charge for the year | **53,995,391** | 33,038,006 |
| Payment made during the year | **(15,393,375)** | (5,656,454) |
| Remeasurement gain | **(946,615)** | (521,729) |
| | **82,906,218** | 45,250,817 |

| 21.1.2 Changes in present value of defined benefit obligation | | 2025 | 2024 |
|---|---|---|---|
| | | ------------ Rupees ---------- | |
| Opening defined benefit obligation | | **45,250,817** | 18,390,994 |
| Current service cost | | **27,743,864** | 21,573,113 |
| Past service cost | | **20,712,293** | 8,935,943 |
| Interest cost | | **5,539,234** | 2,528,950 |
| Benefits paid | | **(15,393,375)** | (5,656,454) |
| Actuarial loss from changes in experience adjustments | | **(148,754)** | 1,095,841 |
| Actuarial loss from changes in financial assumptions | | **(797,861)** | (1,617,570) |
| | | **82,906,218** | 45,250,817 |
| **21.1.3 Charge for the year** | | | |
| Current service cost | | **27,743,864** | 21,573,113 |
| Past service cost | | **20,712,293** | 8,935,943 |
| Interest cost | | **5,539,234** | 2,528,950 |
| | | **53,995,391** | 33,038,006 |
| **21.1.4 Allocation of charge for the year** | | | |
| Cost of sales | 28.2 | **44,189,341** | 27,038,006 |
| Administrative expenses | 30.1 | **9,806,050** | 6,000,000 |
| | | **53,995,391** | 33,038,006 |
| **21.1.5 Remeasurement gain/loss recognised in other comprehensive income** | | | |
| Actuarial loss from changes in experience adjustments | | **(148,754)** | 1,095,841 |
| Actuarial loss from changes in financial assumptions | | **(797,861)** | (1,617,570) |
| Remeasurement gain/loss | | **(946,615)** | (521,729) |

As per actuarial valuation carried out as at June 30, 2025 by Nauman Associates using Projected Unit Credit Method, the following significant assumptions have been used for valuation of defined benefit obligation of the Company:

| | 2025 | 2024 |
|---|---|---|
| Discount rate | **11.75%** | 14.75% |
| Expected rate of salary increase in future years | **10.75%** | 13.75% |
| Average expected remaining working life time of employees | **6 years** | 6 years |

Mortality rate was based on the State Life Corporation (SLIC) 2001-2005ultimate mortality rates with 1 year setback as per recommendation of Pakistan Society of Actuaries ("PSOA").

**21.1.6 Staff retirement benefits sensitivity analysis**

| | Increase/(decrease) in defined 2025 | 2024 |
|---|---|---|
| | ------------ Rupees ---------- | |
| Year end sensitivity analysis (+/- 100 bps) on defined benefit obligation: | | |
| Discount rate + 100 bps | **78,145,592** | 42,773,680 |
| Discount rate - 100 bps | **88,372,095** | 48,082,544 |
| Salary Increase + 100 bps | **88,602,792** | 48,218,649 |
| Salary Increase - 100 bps | **77,849,959** | 42,606,169 |

| | 2025 | 2024 |
|---|---|---|
| **Maturity Profile** | | |
| Average duration of liability | 6 years | 6 years |

**Expected expense for the next year**

The expected expense for the next year works out to Rs. 45.16 million.

**21.2 Deferred grant**

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | ------------ Rupees ---------- | |
| At beginning of the year | | **70,263,847** | - |
| Deferred grant recognized on subsidized rate long term loan | | **-** | 76,268,717 |
| Amortization of deferred grant | | **(10,044,687)** | (6,004,870) |
| | | **60,219,160** | 70,263,847 |
| Less: Current portion of deferred grant | | **(10,983,161)** | (10,044,687) |
| | | **49,235,999** | 60,219,160 |

## 22. TRADE AND OTHER PAYABLES

| | Note | 2025 | 2024 |
|---|---|---|---|
| Creditors | 22.1 | **275,930,193** | **492,625,639** |
| Provision for infrastructure cess | 22.3 | **392,820,908** | **246,877,592** |
| Accrued liabilities | | **220,628,895** | **130,694,425** |
| Payable to banks under bill discounting arrangement | | **185,704,477** | **-** |
| Provision for GIDC | 22.5 | **51,133,001** | **51,133,001** |
| Sales tax payable | | **19,941,612** | **919,984** |
| Advances from customers | 22.4 | **31,242,509** | **8,993,344** |
| Workers' Profit Participation Fund | 22.6 | **16,642,234** | **26,730,277** |
| Workers' welfare fund | | **18,824,493** | **17,069,564** |
| Due to employees | | **1,147,163** | **936,741** |
| Income tax deducted at source | | **647,530** | **304,581** |
| | | **1,214,663,015** | 976,285,148 |

**22.1** It includes due to associated undertakings relating to purchase of yarn and raw material in normal course of business. Detail of balances due is as follows:

| | Note | 2025 | 2024 |
|---|---|---|---|
| Indus Dyeing & Manufacturing Co. | 22.2 & 41 | **61,151,268** | 63,170,016 |

**22.2** The maximum outstanding balance during the year due to Indus Dyeing & Manufacturing Co. Limited (associated undertaking) is Rs.165 million (2024: Rs. 63.17 million).

**22.3** This comprise provision for Sindh Development and Infrastructure Cess which was levied by the Excise and Tax Department of Government of Sindh on goods entering or leaving the province through air or sea at prescribed rate under Sindh Finance Ordinance, 2001. The levy was challenged by the Company along with other companies in Sindh High Court (SHC). SHC through its interim order passed on May 31, 2011 ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure cess should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. In 2022, the Sindh High Court has passed an order on June 4, 2021, regarding the settlement of remainder of Infrastructure Cess, against which the Company has filed an appeal in the Supreme Court on September 9, 2021. The Company's legal counsel expect that the matter will be decided in favour of the Company. However, as a matter of prudence, the Company has paid infrastructure cess in cash and recorded liability for the unpaid amount which is supported by a bank guarantee.

**22.4** These represent advances received by the Company from customers in respect of sales. Revenue aggregating of Rs. 2.2 million has been recognized for the preceding year advances from customers.

**22.5** On August 13, 2020 the Supreme Court of Pakistan (SCP) through its order declared GIDC Act an intra vires to the constitution and directed all the industrial and commercial entities to pay the Cess that have become due up to July 31, 2020. However, as a concession, the same was allowed to be recovered in twenty four equal monthly installments starting from August 01, 2020.

In light of the above stated order of SCP, the Company opted to recognize the Cess as payable in twenty four equal monthly installments in accordance with the provision of IAS 37.

| | Note | 2025 | 2024 |
|---|---|---|---|
| **22.6 Workers' Profit Participation Fund** | | ------------ Rupees | ---------- |
| Opening balance | | **26,730,277** | 380,631 |
| Payment to the fund | | **(26,730,277)** | (380,631) |
| | | **-** | - |
| Charge for the year | 31 | **16,642,234** | 26,730,277 |
| Payment of the fund from current year liability | | **-** | - |
| Closing balance | | **16,642,234** | 26,730,277 |

## 23. ACCURED MARKUP

| | | 2025 | 2024 |
|---|---|---|---|
| Accrued markup on | | | |
| - Short term borrowings | | **137,967,508** | 47,024,732 |
| - Long term financings | | **81,631,126** | 128,763,792 |
| | | **219,598,634** | 175,788,524 |

## 24. SHORT TERM BORROWINGS

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| | Note | 2025 | 2024 |
|---|---|---|---|
| **Secured - under markup arrangements from banking companies** | | | |
| Running finance | 24.1 | **2,151,196,894** | 286,764,281 |
| Cash finance | 24.2 | **618,851,903** | - |
| Foreign currency loan | 24.3 | **2,180,650,693** | 1,998,625,824 |
| Finance against trust receipt | | **523,679,043** | - |
| | | **5,474,378,533** | 2,285,390,105 |

**24.1** Running finance have been obtained from commercial banks under mark up arrangements amount to Rs. 3,350 Million (2024: Rs. 3,000 million) of which facilities aggregating to Rs. 1,199 million (2024: Rs. 2,713 million) remained unutilized at the year end. The rate of mark up ranges from 12.87% to 21.64% per annum (2024: 22.37% to 23.63% per annum) payable on quarterly basis. These finances are secured against pledge of raw material and finished goods and charge on current assets of the Company.

**24.2** Cash finance have been obtained from commercial banks under mark up arrangements amount to Rs. 900 million (2024: Rs. 900 million) of which facilities aggregating to Rs. 282 million (2024: Rs. 900 million) remained unutilized at the year end. The rate of mark up ranges from 12.09% to 16.01% per annum payable on quarterly basis. These finances are secured against pledge of raw material and finished goods and charge on current assets of the Company.

**24.3** Foreign currency loan have been obtained from commercial banks under mark up arrangements amount to Rs. 4,000 million (2024: Rs. 5,225 million) of which facilities aggregating to Rs. 1,820 million (2024: Rs. 3,226 million) remained unutilized at the year end. The rate of mark up ranges from 4.65% to 8.5% per annum payable on quarterly basis (2024: 4% to 14% per annum). These finances are secured against pledge of raw material, finished goods and export document and charge on current assets of the Company.

**24.4** Finance against trust receipt have been obtained from commercial banks under mark up arrangements amount to Rs. 1,275 Million (2024: Rs. 1,275 million) of which facilities aggregating to Rs. 751 million (2024: Rs. 1,275 million) remained unutilized at the year end. The rate of mark up ranges from 11.78% to 13.12% per annum payable on quarterly basis. These finances are secured against pledge of raw material, finished goods and export document and charge on current assets of the company.

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | ------------ Rupees ---------- | |
| **25.** | **PROVISION FOR TAXATION AND REVENUE TAXES** | | | |
| | Provision for revenue taxes | | **218,853,389** | 254,899,826 |
| | Provision for taxation | | **108,204,423** | 80,718,652 |
| | | | **327,057,812** | 335,618,478 |
| **26.** | **CONTINGENCIES AND COMMITMENTS** | | | |
| | **Contingencies** | | | |
| | Bank guarantees | 26.1 | **636,481,302** | 491,481,302 |

**26.1** **Bank guarantees**

| In favor of | Bank | 2025 | 2024 |
|---|---|---|---|
| Sui Northern Gas Pipelines Limited | MCB Bank Limited | **57,061,261** | 57,061,261 |
| Ministry of Textile | MCB Bank Limited | **599,574** | 599,574 |
| Excise and taxation | United Bank Limited | **110,560,000** | 110,560,000 |
| Import licence fee | Habib Bank Limited | **274,552** | 274,552 |
| Excise and taxation | MCB Bank Limited | **467,985,915** | 322,985,915 |
| | | **636,481,302** | 491,481,302 |

**Commitments**

| | 2025 | 2024 |
|---|---|---|
| Under letters of credit for: | | |
| - Stores and spares | **12,682,047** | 25,885,103 |
| - Raw material | **619,311,246** | 636,298,878 |
| - Plant and machinery | **63,149,387** | 95,330,032 |
| | **695,142,680** | 757,514,013 |

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| **27.** | **REVENUE FROM CONTRACTS FROM CUSTOMERS** | | | |
| | **Exports** | | | |
| | Yarn | 27.1 | **3,061,484,717** | 13,869,693,499 |
| | **Local** | | | |
| | Yarn | | **18,900,827,202** | 7,352,517,028 |
| | Doubling | | **31,398,453** | 15,675,568 |
| | Waste | | **299,101,048** | 329,823,478 |
| | | | **19,231,326,703** | 7,698,016,074 |
| | Sales tax on local sales | | **(2,946,147,940)** | (1,305,954,068) |
| | Commission | | **(89,507,571)** | (112,867,049) |
| | | | **19,257,155,909** | 20,148,888,456 |

**27.1** It includes indirect export of nil ( 2024: Rs. 7,686.38 million).

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | ------------ Rupees ---------- | |
| **28.** | **COST OF SALES** | | | |
| | Raw material consumed | 28.1 | **14,546,290,881** | 14,287,892,732 |
| | Power and fuel | | **1,497,596,150** | 1,657,147,288 |
| | Salaries, wages and benefits | 28.2 | **832,414,110** | 687,789,295 |
| | Depreciation | 5.3 | **650,622,864** | 611,344,547 |
| | Packing material consumed | | **240,970,037** | 207,243,833 |
| | Stores and spares consumed | | **293,302,707** | 225,502,899 |
| | Repairs and maintenance | | **16,553,447** | 46,879,636 |
| | Insurance | | **20,762,501** | 19,500,106 |
| | Others | | **7,199,552** | 5,368,671 |
| | | | **18,105,712,249** | 17,748,669,007 |
| | **Work in process** | | | |
| | Opening stock | | **109,973,699** | 79,556,007 |
| | Closing stock | | **(120,000,081)** | (109,973,699) |
| | | | **(10,026,382)** | (30,417,692) |
| | Cost of goods manufactured | | **18,095,685,867** | 17,718,251,315 |
| | **Finished goods** | | | |
| | Opening stock | | **270,852,000** | 510,155,251 |
| | Purchase of finished goods | | **19,556,295** | 586,707,500 |
| | Closing stock | | **(632,053,600)** | (270,852,000) |
| | | | **(341,645,305)** | 826,010,751 |
| | | | **17,754,040,561** | 18,544,262,066 |
| **28.1** | **Raw material consumed** | | | |
| | Opening stock | | **768,323,885** | 1,641,158,805 |
| | Purchases including purchase expenses | | **16,733,140,385** | 13,415,057,812 |
| | | | **17,501,464,270** | 15,056,216,617 |
| | Closing stock | | **(2,955,173,389)** | (768,323,885) |
| | | | **14,546,290,881** | 14,287,892,732 |

**28.2** It includes Rs.44.189 million (2024: Rs. 26.96 million) in respect of staff retirement benefits - gratuity.

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| **29.** | **DISTRIBUTION COST** | | ------------ Rupees ---------- | |
| | Export development surcharge | | **6,758,522** | 15,587,876 |
| | Ocean freight | | **19,744,730** | 38,459,847 |
| | Forwarding expenses | | **16,086,817** | 32,712,935 |
| | Local freight | | **37,013,942** | 45,880,821 |
| | Fuel expense | | **58,594,353** | 66,661,527 |
| | Others | | **2,070,139** | 1,208,908 |
| | | | **140,268,503** | 200,511,914 |
| **30.** | **ADMINISTRATIVE EXPENSES** | | | |
| | Salaries, wages and benefits | 30.1 | **107,949,883** | 90,182,552 |
| | Directors' remuneration | 38 | **104,028,273** | 79,444,970 |
| | Depreciation | 5.3 | **40,019,436** | 23,847,007 |
| | Vehicle running and maintenance | | **39,437,786** | 31,655,223 |
| | Travelling and conveyance | | **4,432,218** | 14,696,057 |
| | Postage, telephone and fax | | **5,531,981** | 5,755,024 |
| | Electricity, gas and fuel | | **5,328,414** | 4,094,629 |
| | Printing and stationery | | **3,619,868** | 5,510,464 |
| | Auditors' remuneration | 30.2 | **2,150,000** | 2,150,000 |
| | Carried forward | | **312,497,859** | 257,335,926 |

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | ------------ Rupees ---------- | |
| Brought forward | | **312,497,859** | 257,335,926 |
| Rent, rates and taxes | | **9,370,292** | 9,209,086 |
| Donations | 30.3 | **2,236,600** | 2,163,000 |
| Insurance | | **5,007,306** | 5,803,355 |
| Fees, subscription and periodicals | | **8,773,322** | 7,896,624 |
| Entertainment | | **2,500,909** | 5,252,688 |
| Repairs and maintenance | | **12,737,942** | 14,390,885 |
| Legal and professional charges | | **1,020,500** | 1,533,192 |
| Others | | **5,146,850** | 7,671,464 |
| | | **359,291,580** | 311,256,220 |

**30.1** It includes Rs. 9.8 million (2023: Rs. 6 million) in respect of staff retirement benefits - gratuity.

**30.2 Auditors' remuneration**

| | 2025 | 2024 |
|---|---|---|
| | ------------ Rupees ---------- | |
| Statutory audit | **1,600,000** | 1,600,000 |
| Review report on compliance with COCG | **100,000** | 100,000 |
| Half year review | **250,000** | 250,000 |
| Certificate for CDC and free float shares | **200,000** | 200,000 |
| | **2,150,000** | 2,150,000 |

**30.3** No donation exceeding Rs. 500,000 has been given to any donee and none of the directors or their spouses have any interest in the donee's fund.

## 31. OTHER EXPENSES

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | ------------ Rupees ---------- | |
| Workers' Profit Participation Fund | 22.6 | **16,642,234** | 26,730,277 |
| Workers' welfare fund | | **6,656,893** | 10,692,111 |
| Exchange loss on foreign currency Loan | | **49,111,563** | - |
| Allowance for expected credit losses | | **24,710,577** | 14,233,361 |
| | | **97,121,267** | 51,655,749 |

## 32. FINANCE COST

| | Note | 2025 | 2024 |
|---|---|---|---|
| Interest / mark up on: | | | |
| Long term financing | | **424,675,790** | 539,044,907 |
| Short term financing | | **599,768,482** | 446,873,258 |
| Bank charges and commission | | **36,324,612** | 37,128,180 |
| | | **1,060,768,884** | 1,023,046,345 |

## 33. OTHER INCOME

| | Note | 2025 | 2024 |
|---|---|---|---|
| **Income from financial assets** | | | |
| Unrealized gain on remeasurement of short term investments | | **217,242,032** | 201,327,771 |
| Realized gain on disposal of short term investments | | **694,262** | 2,170,763 |
| Exchange gain on export | | **20,362,012** | 116,797,598 |
| Exchange gain on foreign currency Loan | | **-** | 83,444,903 |
| Interest income | 33.1 | **182,040,595** | 25,105,356 |
| Dividend income | | **26,765,122** | 27,604,610 |
| Amortization of deferred grant | 21.2 | **10,044,687** | 6,004,870 |
| Agriculture Income | | **-** | 211,769 |
| **Income from non financial assets** | | | |
| Gain on sale of property, plant and equipment | | **6,731,722** | 2,125,985 |
| | | **463,880,432** | 464,793,625 |

**33.1** This amount includes interest income of Rs. 164.55 million earned from Pakistan Investment Bonds (PIBs) acquired for the period from November 07, 2024 to February 6, 2025.

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | ------------ Rupees ---------- | |
| **34.** | FINAL TAXES | | | |
| | Final taxes on: | | | |
| | Prior year | | - | (1,325,666) |
| | | | **-** | **(1,325,666)** |
| **35.** | REVENUE TAXES | | | |
| | Minimum taxes | | **221,939,072** | 254,899,826 |
| | Prior year | | **(71,284,788)** | - |
| | | | **150,654,284** | 254,899,826 |

**35.1** This represents provision for minimum tax under sections 113 of the Income Tax Ordinance, 2001. The provision for minimum tax has been recognised as levy in these financial statements as per the requirements of IFRIC 21 / IAS 37 and guide on IAS 12 issued by ICAP.

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| **36.** | **TAXATION** | | ------------ Rupees ---------- | |
| | Current year: | | | |
| | For the year | | **23,863,621** | 4,290,050 |
| | Prior | | **69,600,665** | 2,258,715 |
| | Deferred tax | 20.1.1 | **(11,196,221)** | 45,633,079 |
| | | | **82,268,065** | 52,181,844 |

**36.1** Relationship between tax expense and accounting profit

| | 2025 | 2024 |
|---|---|---|
| Applicable tax rate | **29%** | 29% |
| Profit before final taxes,revenue taxes and income tax | **309,545,546** | 482,949,787 |
| Tax on accounting profit before tax | **89,768,208** | 140,055,438 |
| Tax effect on lower rate tax income | **(3,969,400)** | (4,290,050) |
| Effect of change in deferred tax rate | **-** | 45,633,079 |
| Prior year adjustment | **(1,684,123)** | 933,049 |
| Others | **(1,846,620)** | (130,149,672) |
| | **82,268,065** | 52,181,844 |

| | | | 2025 | 2024 |
|---|---|---|---|---|
| **37.** | **EARNINGS PER SHARE - BASIC AND DILUTED** | | | |
| | Profit after tax | **Rupees** | **76,623,197** | 177,193,783 |
| | Weighted average number of ordinary | **Numbers** | **20,700,000** | 20,700,000 |
| | Earnings per share - basic and diluted | | **3.70** | 8.56 |

**37.1** There is no dilutive effect on the basic earnings per share of the Company.

**38.** **REMUNERATION TO CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES**

| | Chief executive | Director | Executives |
|---|---|---|---|
| **2025** | ---------------- Rupees ---------------- | | |
| Remuneration | **30,000,000** | **21,000,000** | **34,920,000** |
| Housing and utilities | **7,397,325** | **3,300,192** | **-** |
| Medical reimbursement | **1,502,342** | **875,100** | **-** |
| Conveyance - cars | **1,653,313** | **972,107** | **10,591,651** |
| Special allowance | **16,500,000** | **14,671,047** | **5,820,000** |
| Leave encashment | **5,333,333** | **2,240,000** | **3,104,000** |
| | **62,386,313** | **43,058,446** | **54,435,651** |
| Number of persons | **1** | **1** | **14** |

| | Chief executive | Director | Executives |
|---|---|---|---|
| | ---------------- Rupees ---------------- | | |
| **2024** | | | |
| Remuneration | 30,000,000 | 10,009,604 | 30,358,800 |
| Housing and utilities | 13,384,404 | 158,335 | - |
| Medical reimbursement | - | 305,036 | - |
| Conveyance - cars | 1,329,505 | 209,897 | 9,415,133 |
| Special allowance | 20,308,189 | 3,740,000 | 5,069,800 |
| Leave encashment | - | - | 2,698,560 |
| | 65,022,098 | 14,422,872 | 47,542,293 |
| Number of persons | 1 | 1 | 14 |

**38.1** In addition, the Chief Executive and certain executives are provided with free transport subject to certain specified limits for petrol consumption, residential telephone / mobile facilities for both business and personal use and free medical facilities.

## 39. FINANCIAL INSTRUMENTS

**39.1** The Company has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these unconsolidated financial statement.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

### 39.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from deposits, trade debts, loans and advances, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was

| | **2025** | **2024** |
|---|---|---|
| | ------------ **Rupees** ---------- | |
| Trade debts | **4,441,878,054** | 3,068,459,274 |
| Long term deposits | **6,991,200** | 6,991,200 |
| Trade deposits and other receivables | **188,038,002** | 34,765,901 |
| Short term investments | **105,240,496** | 110,752,512 |
| Bank balances | **78,222,411** | 83,920,562 |
| | **4,820,370,163** | 3,304,889,449 |

The Company's credit risk exposures are categorized under the following headings:

**Counterparties**

The Company conducts transactions with the following major counterparties:

Trade debts
Public sectors
Banks and other financial institutions
Mutual funds
Term finance certificates

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

**39.2.1 Credit risk related to trade debtors**

Trade debts are essentially due from local and foreign customers against sale of yarn and waste material and the Company does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed subject to established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit.
Trade debts are generally on 60 to 90 days credit terms.

**Impairment losses**

The aging of trade debts at the reporting date was:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | **Gross** | **Impairment** | **Gross** | **Impairment** |
| | ---------------------- Rupees ---------------------- | | | |
| Not yet due | **3,027,886,501** | **-** | 2,693,037,565 | - |
| Past due for: | | | | |
| - more than 3 months but less than 1 year | **648,630,579** | **6,665,314** | 19,104,152 | 17,138,646 |
| - more than 1 year but less than 2 years | **1,868,721** | **934,361** | - | - |
| - more than 2 years | **34,249,549** | **34,249,548** | - | - |
| | **3,712,635,350** | **41,849,223** | 2,712,141,717 | 17,138,646 |

**Concentration of credit risk**

Trade debts consist of a large number of diversified customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

**39.2.2 Credit risk related to banks and other financial institutions**

Credit risk on balances with banks is managed by management in accordance with the Company's policy. Excess funds are placed in deposits with reputable banks and financial institutions.

| Bank Name | Rating Agency | Long term Loans | Short Term Loans |
|---|---|---|---|
| The Bank of Punjab | PACRA | AA+ | A1+ |
| Askari Bank Limited | PACRA | AA+ | A1+ |
| Allied Bank Limited | PACRA | AAA | A1+ |
| BankIslami Pakistan Limited | PACRA | AA- | A1 |
| Bank Alfalah Limited | PACRA | AAA | A1+ |
| Bank Al Habib Limited | PACRA | AAA | A1+ |
| Faysal Bank Limited | PACRA | AA | A1+ |
| Meezan Bank Limited | VIS | AAA | A1+ |
| Habib Bank Limited | PACRA | AAA | A1+ |
| Soneri Bank Limited | PACRA | AA- | A1+ |
| Habib Metropolitan Bank Limited | PACRA | AA+ | A1+ |
| United Bank Limited | VIS | AAA | A1+ |
| National Bank of Pakistan | PACRA | AAA | A1+ |
| MCB Bank Limited | PACRA | AAA | A1+ |

**39.3 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

### 39.3.1 Liquidity risk table

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

| Particulars | 1 - 3 months | 3 months - 1 years | 1 - 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Long term financing | **52,727,706** | **425,545,033** | **2,096,556,652** | **403,770,615** | **2,978,600,006** |
| Short term borrowings | **-** | **5,474,378,533** | **-** | **-** | **5,474,378,533** |
| Trade and other payables | **-** | **734,594,849** | **-** | **-** | **734,594,849** |
| Accrued mark up | **219,598,634** | **-** | **-** | **-** | **219,598,634** |
| Unclaimed dividend | **22,523,062** | **-** | **-** | **-** | **22,523,062** |
| **2025** | **294,849,402** | **6,634,518,415** | **2,096,556,652** | **403,770,615** | **9,429,695,084** |
| Long term financing | 36,432,925 | 187,511,921 | 2,264,228,821 | 513,742,446 | 3,001,916,113 |
| Short term borrowings | - | 2,285,390,105 | - | - | 2,285,390,105 |
| Trade and other payables | - | 633,250,149 | - | - | 633,250,149 |
| Accrued mark up | 175,788,524 | - | - | - | 175,788,524 |
| Unclaimed dividend | 22,523,062 | - | - | - | 22,523,062 |
| **2024** | 198,311,586 | 3,106,152,175 | 2,264,228,821 | 513,742,446 | 6,118,867,953 |

| | 2025 | 2024 |
|---|---|---|
| | ------------ Rupees | ------------- |
| **Off Statement of financial position items** | | |
| Letters of credit | **695,142,680** | 757,514,013 |
| Bank guarantees | **636,481,302** | 491,481,302 |
| **Off Statement of financial position gap** | **1,331,623,982** | 1,248,995,315 |

### 39.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

### 39.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates.

**Exposure to currency risk**

The Company is exposed to currency risk on trade debts which are denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Rupees | US Dollar | Rupees | US Dollar |
| Trade debts | **771,091,927** | **2,717,409** | 373,456,203 | 1,341,727 |
| | **771,091,927** | **2,717,409** | 373,456,203 | 1,341,727 |

The following US Dollar exchange rates were applied during the year:

| | 2025 | 2024 |
|---|---|---|
| | ------------ Rupees | ---------- |
| Average rate | **281.05** | 278.84 |
| Statement of financial position rate | **283.76** | 278.34 |

**Sensitivity analysis - foreign currency**

At June 30, 2025, if the Rupee had weakened / strengthened by 10% (2024: 10%) against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 77.10 million (2024: Rs. 37.35 million), as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is less sensitive to movement in Rupee / foreign currency exchange rates in 2025 than 2024 because of high recovery from export debtors.

**39.4.2 Interest rate risk**

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will effect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 3 month and 6 month KIBOR. Since the impact on interest rate exposure is significant to the Company, management is considering the alternative arrangement to manage interest rate exposure in future.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Effective Interest Rate | Rupees | Effective Interest Rate | Rupees |
| **Fixed rate instruments** | | | | |
| **Financial assets:** | | | | |
| - Saving accounts | **9.5% - 22%** | **40,444** | **15.24% - 18.53%** | 36,941 |
| - Term deposit receipts | | **5,000,000** | | 5,000,000 |
| - Term finance certificate | **9.37% - 15.25%** | **100,000,000** | **21.76% - 23.81%** | 100,000,000 |
| **Variable rate instruments** | | | | |
| **Financial liabilities:** | | | | |
| - Long term financing | **2.5% - 23.66%** | **2,978,600,006** | 2.5% - 23.72% | 3,001,916,113 |
| - Short term borrowings | **4.65% - 21.64%** | **5,474,378,533** | 4% - 23.63% | 2,285,390,105 |
| | | **8,558,018,983** | | 5,392,343,159 |

**Fair value sensitivity analysis for fxed rate instruments**

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

**Cash flow sensitivity analysis for variable rate instruments**

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit / loss for the year ended June 30, 2025 would decrease / increase by Rs. 85.58 million (2024: Rs. 52.87 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate financial instruments.

**39.4.3 Other price risk**

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to 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 instruments traded in the market. The Company is not materially exposed to other price risk on financial assets and liabilities.

**39.4.4 Equity share price risk**

The Company is also exposed to the equity price risk arising from the fluctuations due to change in fair value of those equity instruments. At the reporting date, the exposure to equity securities at fair value was Rs. 643.07 million (2024: 421.04 million)

**Sensitivity analysis - Equity share price risk**

A 1% increase / decrease in share prices at year end would have increased / decreased profit for the year as follows :

| | 2025 | 2024 |
|---|---|---|
| | ------------ Rupees ---------- | |
| Effect on profit or loss | **6,430,708** | 4,210,415 |

**39.5 Fair values**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the unconsolidated financial statement approximate their fair values.

**39.5.1 Fair value hierarchy**

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments and non financial assets.

| | |
|---|---|
| Level 1: | Quoted prices (unadjusted) in active market for identical assets or liabilities. |
| Level 2: | Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. drive from prices). |
| Level 3: | Inputs for asset or liability that are not based on observable market data (unobservable |

The Company does not have any other financial instruments to be classified here other than "Short term investments" as disclosed in note 15, that are classified in level 1 and level 2 as per hierarchy stated

The Company follows the revaluation model for its free hold land, building on free hold land, plant and machinery. The fair value measurement as at June 30, 2025 was performed by MYK Associates (Private) Limited & Joseph Lobo (Private) Limited. MYK Associates (Private) Limited & Joseph Lobo (Private) Limited both are on panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on the panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value of the assets was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In estimating the fair value of free hold land, building on free hold land and plant and machinery, the highest and best use of these assets is their current use.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of these properties, therefore, management believes that the carrying value of these non financial assets approximate its fair market value.

Short term investments include quoted equity shares, mutual funds, term finance certificate and term deposit receipt. The equity share and funds are valued at each reporting date at their fair value by using the prevailing quoted prices of shares on Pakistan Stock Exchange Limited. Term finance certificate and term deposit receipt are valued at amortized cost.

| June 30, 2025 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | ---------------------------------- | Rupees | -------------------------------------- | |
| Short term investments | **643,311,298** | **-** | **-** | **643,311,298** |
| Free hold land | **-** | **1,286,725,000** | **-** | **1,286,725,000** |
| Building on free hold land | **-** | **1,513,000,000** | **-** | **1,513,000,000** |
| Plant and machinery | **-** | **4,574,970,000** | **-** | **4,574,970,000** |
| Electric installations | **-** | **735,300,000** | **-** | **735,300,000** |
| Total | **643,311,298** | **8,109,995,000** | **-** | **8,753,306,298** |

| June 30, 2024 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | ---------------------------------- | Rupees | -------------------------------------- | |
| Short term investments | 426,794,041 | - | - | 426,794,041 |
| Free hold land | - | 983,382,055 | - | 983,382,055 |
| Building on free hold land | - | 1,643,767,693 | - | 1,643,767,693 |
| Plant and machinery | - | 4,154,082,882 | - | 4,154,082,882 |
| Total | 426,794,041 | 6,781,232,630 | - | 7,208,026,671 |

There were no transfers between levels of fair value hierarchy during the period.

### 39.6 Financial instruments by category

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an approximate mix between various sources of finance to minimize risk.

The accounting policies for financial instruments have been applied for line items as below:

| | 2025 | 2024 |
|---|---|---|
| | --------- Rupees --------- | |
| **Assets carried at fair value through profit or loss** | | |
| carrying value of other financial assets at fair value through profit or loss | **643,311,298** | 426,794,041 |
| | **643,311,298** | 426,794,041 |
| **Assets categorized at amortized cost** | | |
| Trade debts | **4,441,878,054** | 3,068,459,274 |
| Loan and advances | **34,979,915** | 36,168,661 |
| Long term deposits | **6,991,200** | 6,991,200 |
| Short term investments | **105,000,000** | 105,000,000 |
| Trade deposits and other receivables | **188,038,002** | 34,765,901 |
| Cash and bank balances | **78,747,915** | 83,986,195 |
| | **4,855,635,086** | 3,335,371,231 |
| **Liabilities carried at amortized cost** | | |
| Trade and other payables | **528,948,760** | 633,250,149 |
| Long term financing | **2,978,600,006** | 3,001,916,113 |
| Short term borrowings | **5,474,378,533** | 2,285,390,105 |
| Unclaimed dividend | **22,523,062** | 22,523,062 |
| Accrued mark up | **219,598,634** | 175,788,524 |
| | **9,224,048,995** | 6,118,867,953 |

## 40. CAPITAL MANAGEMENT

The Company objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Capital comprises all components of equity (i.e. share capital, reserves and unappropriated profit). The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders or issue new shares.

The debt-to-adjusted capital ratios at June 30, were as follows:

| | | |
|---|---|---|
| Total debt | **6,301,781,645** | 5,000,541,937 |
| Cash and cash equivalents | **2,072,448,979** | 202,778,086 |
| Net debt | **8,374,230,624** | 5,203,320,023 |
| Total equity | **9,151,537,720** | 8,203,426,727 |
| Adjusted capital | **17,525,768,344** | 13,406,746,750 |
| Debt-to-adjusted capital ratio | **47.78%** | 38.81% |

41. **TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated undertakings, other related group companies, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under trade debts and trade and other payable (note 10.1, 22.1) and remuneration of Chief Executive, director and excutives (note 38). Indus Home Limited and Indus Dyeing & Manufacturing Co. Limited is associated undertaking based on common directorship. Other significant transactions with related parties are as follows:

| | 2025 | 2024 |
|---|---|---|
| | ------------ Rupees ---------- | |
| **Transactions with associated undertakings (due to common directorship)** | | |
| **Indus Dyeing & Manufacturing Company Limited** | | |
| Sale of goods and services | **5,252,420** | 5,364,799 |
| Purchase of goods and services | **867,738,953** | 792,381,792 |
| **Indus Home Limited** | | |
| Sale of goods and services | **391,213,602** | 247,639,714 |
| **Indus Lyallpur Limited** | | |
| Purchase of goods and services | **9,000,675** | 18,529,865 |

All transactions with related parties have been carried out on agreed terms and conditions duly approved by the board of directors.

42. **DISCLOSURE REQUIREMENT FOR COMPANIES NOT ENGAGED IN SHARIAH NON-PERMISSBILE BUSINESS ACTIVITIES**

Following information has been disclosed as required under amended part I clause VII of Fourth Schedule to the Companies Act, 2017 as amended via S.R.O.1278 (I) / 2024 dated August 15, 2024

**STATEMENT OF FINANCIAL POSITION**

| | | 2025 | 2024 |
|---|---|---|---|
| **Liabilities** | **Note** | ------------ Rupees ---------- | |
| Short term borrowings as per islamic mode | **24** | **964,413,690** | - |
| Interest or mark-up accrued on conventional loans | **23** | **191,139,673** | 164,046,373 |
| **Assets** | | | |
| Shariah compliant short term investment | **13** | **88,946,523** | 78,579,564 |
| Shariah compliant bank balances | **15** | **21,729,600** | 15,201,899 |
| **STATEMENT OF PROFIT OR LOSS** | | | |
| Revenue from contracts with customers | **27** | **19,257,155,909** | 20,148,888,456 |
| Profit paid on islamic mode of financing | **32** | **67,607,094** | 65,026,079 |
| **Dividend Income** | | | |
| Shariah compliant | **33** | **-** | - |
| Shariah non-compliant | **33** | **26,765,122** | 27,604,610 |

| | | | |
|---|---|---|---|
| **Exchange gain on export** | | | |
| Shariah compliant | **33** | **20,362,012** | 116,797,598 |
| Shariah non-compliant | **33** | **-** | - |
| **Interest income** | | | |
| Shariah compliant | **33** | **-** | - |
| Shariah non-compliant | **33** | **182,040,595** | 25,105,356 |
| **Exchange gain on foreign currency Loan** | | | |
| Shariah compliant | **33** | **-** | - |
| Shariah non-compliant | **33** | **-** | 83,444,903 |
| **Unrealized gain on remeasurement of short term investments** | | | |
| Shariah compliant | **33** | **16,931,383** | 16,233,562 |
| Shariah non-compliant | **33** | **200,310,650** | 185,094,209 |
| **Realized Gain on disposal of short term investments** | | | |
| Shariah compliant | **33** | **-** | - |
| Shariah non-compliant | **33** | **612,521** | 2,170,763 |
| **Other income - Other** | | | |
| Shariah compliant | **33** | **6,731,722** | 2,125,985 |
| Shariah non-compliant | **33** | **10,044,687** | 6,004,870 |

**Relationship with Shariah-compliant financial institutions:**

The Company has relationships with shariah compliant banks in respect of bank balances and availed borrowing facilities as mentioned above.

## 43. PLANT CAPACITY AND PRODUCTION

| | 2025 | 2024 |
|---|---|---|
| Number of spindles installed | **34,896** | 34,896 |
| Number of spindles worked | **32,550** | 34,550 |
| Number of rooters installed | **6,000** | 6,000 |
| Number of rooters worked | **5,951** | 5,355 |
| Number of shifts / day | **3** | 3 |
| Installed capacity after conversion into 20/s count Kgs | **21,022,080** | 21,079,674 |
| Actual production of yarn after conversion into 20/s count Kgs | **18,826,329** | 18,407,920 |

**Reasons for shortfall**

It is difficult to describe precisely the production capacity in spinning unit since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed and twist etc. It also varies according to the pattern of production adopted in a particular year.

## 44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | 2024 | Cash flow | 2025 |
|---|---|---|---|
| | ---------- | Rupees | ---------- |
| Long term finances | **3,001,916,113** | **(23,316,107)** | **2,978,600,006** |
| Short term borrowings | **2,285,390,105** | **3,188,988,428** | **5,474,378,533** |
| Dividend | **22,523,062** | **-** | **22,523,062** |
| | **5,309,829,280** | **3,165,672,321** | **8,475,501,601** |

**45. SEGMENT REPORTING**

The Company’s core business is manufacturing and sale of yarn and it generates more than 90% of its revenue and profit from the production and sale of yarn. Decision making process is centralized at head office led by Chief Executive who is continuously involved in day to day operations and regularly reviews operating results and assesses its performance and makes necessary decisions about resources to be allocated to the segments. Currently it has one yarn manufacturing unit. Owing to the similarity in nature of the products and services, nature of the production processes, type or class of customers for the products and services, the methods used to distribute the products, the nature of the regulatory environment all the yarn producing units are aggregated into a single operating segment and the Company's performance is evaluated by the management on an overall basis, therefore these operational segments by location are not separately reportable segments.

**46. NUMBER OF EMPLOYEES**

The total number of employees at the year end and average number of employees during year are as follows:

| | **2025** | **2024** |
|---|---|---|
| Total number of employees as at June 30 | **872** | 960 |
| Average number of employees during the year | **946** | 971 |

**47. CORRESPONDING FIGURES**

The preparation and presentation of these unconsolidated financial statement for the year ended June 30, 2025 is in accordance with the requirements of IFRSs.

**48. DATE OF AUTHORIZATION FOR ISSUE**

These unconsolidated financial statement were authorized for issue on ***October 06 , 2025*** by the Board of Directors of the Company.

**49. GENERAL**

Figures have been rounded off to the nearest Rupee, except where stated otherwise.

| | | |
|---|---|---|
| Shabbir Kausar | Kashif Riaz | Mian Imran Ahmed |
| Chief Financial Officer | Chief Executive Officer | Chairman |

# CONSOLIDATED ANNUAL REPORT 2025

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# INDEPENDENT AUDITOR'S REPORT

**To the Members of Sunrays Textile Mills Limited**

## Opinion

We have audited the annexed consolidated financial statements of **Sunrays Textile Mills Limited** and its subsidiary ('the Group'), which comprise the consolidated statement of financial position as at June 30, 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan

## Basis of Opinion

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

## Key Audit Matters

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

**Following is the key audit matter:**

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| **1. Revenue Recognition** | |
| The Group is engaged in manufacturing and sale of yarn. Revenue recognition policy has been explained in note 4.13 and the related amounts of revenue recognized during the year are disclosed in note 26 to the consolidated financial statements.<br><br>The Group generates revenue from sale of goods to domestic as well as export customers.<br><br>Revenue from the sale is recognized, when control of goods is transferred to the customer and the performance obligation is satisfied<br><br>We identified revenue recognition as key audit matter since it is one of the key performance indicators of the group and because of the potential risk that revenue transactions may not have been recognized on point in time basis i.e. when control of goods is transferred to the customer, in line with the accounting policy adopted and may not have been recognized in the appropriate period. | Our audit procedures to address the Key Audit Matter included the following:<br><br>• Obtained an understanding of revenue from customers and assessing the design and implementation and operating effectiveness of controls around recognition of revenue;<br><br>• Assessed the appropriateness of the group's accounting policies for revenue recognition in light of IFRS -15 ' Revenue from contracts with customer;<br><br>• Checked on a sample basis whether the recorded sales transactions were based on transfer of goods to the customer, satisfying the performance obligation and were recorded in the appropriate accounting period; and<br><br>• Testing timeliness of revenue recognition by comparing individual sales transaction before and after the year end to underlying documents |

| 2. Valuation of stock in trade | |
|---|---|
| Stock-in-trade has been valued following an accounting policy as stated in note 4.8 to the consolidated financial statements and stock in trade is disclosed in note 8 to the consolidated financial statements. Stock in trade forms material part of the group's assets comprising around 21.13% of total assets.<br><br>The stock in trade is carried at lower of cost or net realizable value. The cost of finished goods and work in process is determined using the average manufacturing costs including production overhead, which includes judgement in relation to the allocation of overheads, which incurred in bringing the finished goods to its present location and condition. Judgement are also involved in determining the net realizable value (NRV) (estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale) of stock in trade in line with accounting policy adopted.<br><br>Due to the above factors, we have considered the valuation of stock in trade as key audit matter. | Our audit procedures to address the Key Audit Matter included the following:<br><br>• Observing physical inventory count at year end and comparing, on a sample basis, physical counted inventories with valuation sheets provided the management;<br><br>• Obtained an understanding of mechanism of recording purchases and valuation of stock in trade;<br><br>• Tested on sample basis purchases and directly attributable costs with underlying supporting documents;<br><br>• Verified on test basis, the moving average calculation of raw material as per accounting policy<br><br>• Verified the calculation of the actual overhead costs and checked allocation labor and overhead costs to the finished goods and work in process; and<br><br>• Checked the calculation of NRV of itemized list of stock in trade, on selected sample and compared the NRV with the cost to ensure that valuation of stock in trade is in line with the accounting policy |

**Information Other than the Consolidated Financial Statements and Auditors' Report Thereon**

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

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

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

**Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements**

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

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

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

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Sufyan.

Yousuf Adil

**Chartered Accountants**

**Multan**

**Date:** October 7, 2025

**UDIN:** AR202510180jJfRLNyoS

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2025

| | Note | 2025 | 2024 |
|---|---|---|---|
| **ASSETS** | | ------- Rupees | ------- |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | 8,601,108,352 | 7,778,149,545 |
| Long term advances | 6 | 37,036,826 | 86,968,155 |
| Long term deposits | | 7,000,950 | 7,011,240 |
| | | 8,645,146,128 | 7,872,128,940 |
| **Current assets** | | | |
| Stores and spares | 7 | 297,664,297 | 247,706,284 |
| Stock in trade | 8 | 4,250,339,067 | 2,395,400,226 |
| Trade debts | 9 | 4,441,878,054 | 3,068,459,274 |
| Loans and advances | 10 | 78,082,239 | 102,153,113 |
| Advance income tax | | 307,644,358 | 185,868,153 |
| Trade deposits and other receivables | 11 | 188,038,002 | 34,765,901 |
| Short term investments | 12 | 752,402,765 | 534,610,156 |
| Taxes refundable | 13 | 1,122,665,746 | 896,882,446 |
| Cash and bank balances | 14 | 78,775,361 | 84,005,929 |
| | | 11,517,489,889 | 7,549,851,482 |
| **Total assets** | | 20,162,636,017 | 15,421,980,422 |
| **EQUITY AND LIABILITIES** | | | |
| **Share capital and reserves** | | | |
| Issued, subscribed and paid-up capital | 15 | 207,000,000 | 207,000,000 |
| Share premium | | 3,600,000 | 3,600,000 |
| Surplus on revaluation of property, plant and equipment | 16 | 2,381,920,624 | 1,534,704,272 |
| Reserves | 17 | 6,112,000,000 | 6,112,000,000 |
| Unappropriated profit | | 495,986,917 | 351,733,090 |
| | | 9,200,507,541 | 8,209,037,362 |
| **Non-current liabilities** | | | |
| Long term financing | 18 | 2,500,327,267 | 2,707,707,420 |
| Deferred taxation | 19 | 642,029,099 | 369,753,108 |
| Deferred liabilities | 20 | 143,125,378 | 115,514,664 |
| | | 3,285,481,744 | 3,192,975,192 |
| **Current liabilities** | | | |
| Trade and other payables | 21 | 1,215,035,112 | 976,656,856 |
| Accrued markup | 22 | 219,598,634 | 175,788,524 |
| Short term borrowings | 23 | 5,474,378,533 | 2,285,390,105 |
| Current portion of long term financing | 18 | 418,053,579 | 223,944,846 |
| Unclaimed dividend | | 22,523,062 | 22,523,062 |
| Provision for taxation | 24 | 327,057,812 | 335,664,475 |
| | | 7,676,646,732 | 4,019,967,868 |
| **Contingencies and commitments** | 25 | | |
| **Total equity and liabilities** | | 20,162,636,017 | 15,421,980,422 |

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

| Shabbir Kausar<br>Chief Financial Officer | Kashif Riaz<br>Chief Executive Officer | Mian Imran Ahmed<br>Chairman |
|---|---|---|

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS
# FOR THE YEAR ENDED JUNE 30, 2025

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | -------------- Rupees -------------- | |
| Revenue from contracts with customers | 26 | 19,257,155,909 | 20,148,888,456 |
| Cost of sales | 27 | (17,754,040,561) | (18,544,262,065) |
| Gross profit | | **1,503,115,348** | 1,604,626,391 |
| Distribution cost | 28 | **(140,268,503)** | (200,511,914) |
| Administrative expenses | 29 | **(361,253,075)** | (311,402,295) |
| Other expenses | 30 | **(97,121,267)** | (51,655,749) |
| Finance cost | 31 | **(1,060,772,384)** | (1,023,049,473) |
| Other income | 32 | **464,831,970** | 465,619,303 |
| | | **(1,194,583,259)** | (1,121,000,128) |
| **Profit before final taxes,revenue taxes and income tax** | | **308,532,089** | 483,626,263 |
| Final taxes | 33 | - | 1,325,666 |
| **Profit before revenue taxes and income tax** | | **308,532,089** | 484,951,929 |
| Revenue taxes | 34 | **(150,654,284)** | (254,899,826) |
| **Profit before income tax** | | **157,877,805** | **230,052,103** |
| Income tax | 35 | **(82,105,856)** | (52,913,424) |
| **Profit for the year** | | **75,771,949** | 177,138,679 |
| | | | |
| Attributable to: | | | |
| Owners of the parent | | **75,771,949** | 177,138,679 |
| | | **75,771,949** | 177,138,679 |
| | | | |
| Earnings per share - basic and diluted (Rupees) | 37 | **3.66** | 8.56 |

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
# FOR THE YEAR ENDED JUNE 30, 2025

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | ------------- Rupees ------------- | |
| Profit for the year | | **75,771,949** | 177,138,679 |
| **Other comprehensive income - net of tax** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurement of defined benefit obligation - gratuity | 20.1 | **946,615** | 521,729 |
| Related tax thereon | | **(312,383)** | (172,171) |
| Impact on change in tax rate | | **-** | 10,806,263 |
| | | **634,232** | 11,155,821 |
| Revaluation surplus on property, plant and equipment | | 1,198,655,189 | - |
| Related tax thereon | | **(283,591,191)** | - |
| Adjustment of deferred tax relating to surplus on revaluation of operating fixed assets due to change in tax rate | | - | (334,174,975) |
| | | **915,063,998** | (334,174,975) |
| Gain on investment | | - | 8,403 |
| **Total comprehensive income for the year** | | **991,470,180** | (145,872,072) |
| Attributable to: | | | |
| Owners of the parent | | **991,470,180** | (145,872,072) |
| Non-controlling interest | | - | - |
| | | **991,470,180** | (145,872,072) |

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED JUNE 30, 2025

| | Share capital | Capital reserves: Share premium | Capital reserves: Capital reserve | Capital reserves: Surplus on revaluation of fixed assets | Revenue reserves: General reserve | Revenue reserves: Unappropriated profit | Total |
|---|---|---|---|---|---|---|---|
| | Rupees | | | | | | |
| Balance as at June 30, 2023 | 207,000,000 | 3,600,000 | - | 1,981,808,736 | 612,000,000 | 5,550,500,698 | 8,354,909,434 |
| Impact of change in accounting policy IFRS-9 (Note 9.3) | 0 | | | | | | |
| Profit for the year | - | - | - | - | - | 177,138,679 | 177,138,679 |
| Other comprehensive income | - | - | - | (334,174,975) | - | 11,164,224 | (323,010,751) |
| **Total comprehensive income for the year** | - | - | - | (334,174,975) | - | 188,302,903 | (145,872,072) |
| **Transaction with owners** | | | | | | | |
| Transfer from unappropriate profits to capital reserve | - | - | 2,500,000,000 | - | - | (2,500,000,000) | - |
| Transfer from unappropriate profits to revenue reserve | | | | | 3,000,000,000 | (3,000,000,000) | |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation | - | - | - | (112,929,489) | | 112,929,489 | - |
| Balance as at June 30, 2024 | 207,000,000 | 3,600,000 | 2,500,000,000 | 1,634,704,272 | 3,612,000,000 | 351,733,090 | 8,209,037,362 |
| **Comprehensive income for the year** | | | | | | | |
| Profit for the year | - | - | - | - | - | 75,771,949 | 75,771,949 |
| Other comprehensive income | - | - | - | 915,063,998 | - | 634,232 | 915,698,230 |
| **Total comprehensive income for the year** | - | - | | 915,063,998 | - | 76,406,181 | 991,470,179 |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation | - | - | - | (67,847,646) | - | 67,847,646 | - |
| **Balance as at June 30, 2025** | 207,000,000 | 3,600,000 | 2,500,000,000 | 2,381,920,624 | 3,612,000,000 | 495,986,917 | 9,200,507,541 |

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

# CONSOLIDATED STATEMENT OF CASH FLOW
# FOR THE YEAR ENDED JUNE 30, 2025

| | 2025 | 2024 |
|---|---|---|
| | ------------ Rupees ---------- | |
| **A. CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before income tax | 157,877,805 | 230,052,103 |
| Adjustments for: | | |
| Depreciation on property, plant and equipment | 693,354,325 | 636,130,449 |
| Unrealized loss on re-measurement of other financial assets-net | (217,246,975) | (201,319,368) |
| Realized gain on disposal of other financial assets-net | (694,262) | (2,170,763) |
| Provision for staff retirement benefits - gratuity | 53,995,391 | 33,038,006 |
| Gain on sale of property, plant and equipment- net | (6,731,722) | (2,125,985) |
| Dividend income | (26,765,122) | (27,604,610) |
| Interest income | (182,040,595) | (1,465,822) |
| Finance cost | 1,060,772,384 | 1,023,049,473 |
| Final taxes | - | (1,325,666) |
| Revenue taxes | 150,654,284 | 254,899,826 |
| **Operating cash flows before changes in working capital** | 1,683,175,513 | 1,941,157,643 |
| Changes in working capital | | |
| (Increase) / decrease in current assets | | |
| Stores and spares | (49,958,013) | (137,867,784) |
| Stock in trade | (1,854,938,841) | (143,556,751) |
| Trade debts | (1,373,418,780) | (1,887,158,797) |
| Loans and advances (excluding advance income tax ) | 24,070,874 | 7,128,827 |
| Trade deposits and short term prepayments | (153,272,101) | 42,842,040 |
| Sales tax refundable | (225,672,266) | (212,735,687) |
| Increase in current liabilities | | |
| Trade and other payables | 238,378,257 | 377,092,282 |
| | (3,394,810,870) | (1,954,255,870) |
| **Cash (used in) / generated from operations** | (1,711,635,357) | (13,098,227) |
| Finance cost paid | (1,016,962,274) | (980,913,033) |
| Staff retirement benefits - gratuity paid | (15,393,375) | (5,656,454) |
| Income taxes paid | (374,881,630) | (186,405,641) |
| Net cash used in operating activities | (3,118,872,636) | (1,186,073,355) |
| **B. CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Additions to property, plant and equipment | (196,010,272) | (78,925,326) |
| Additions to capital work in progress | (134,206,654) | (889,511,425) |
| Proceeds from disposal of property, plant and equipment | 69,222,034 | 3,600,000 |
| Payment for purchase of short term investments | (27,081,615) | (30,044,470) |
| Long term deposits | 10,290 | - |
| Proceeds from disposal of short term investments | 27,230,244 | 13,994,585 |
| Dividend income | 26,765,122 | 27,604,610 |
| Interest income | 182,040,595 | 1,465,822 |
| Net cash used in investing activities | (52,030,256) | (951,816,204) |

# CONSOLIDATED STATEMENT OF CASH FLOW
# FOR THE YEAR ENDED JUNE 30, 2025

| | 2025 | 2024 |
|---|---|---|
| | ------------ Rupees ---------- | |
| **C. CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Long term finances obtained | **256,374,540** | 244,605,000 |
| Repayment of long term finances | **(279,690,644)** | (160,801,797) |
| Short term borrowings - net | **1,324,555,815** | 1,998,625,824 |
| Dividends paid | **-** | (1,678,139) |
| Net cash generated from / (used in) financing activities | **1,301,239,711** | 2,080,750,888 |
| | | |
| Net (decrease) / increase in cash and cash equivalents (A+B+C) | **(1,869,663,181)** | (57,138,671) |
| Cash and cash equivalents at beginning of the year | **(202,758,352)** | (145,619,681) |
| **Cash and cash equivalents at end of the year** | **(2,072,421,533)** | (202,758,352) |
| | | |
| **CASH AND CASH EQUIVALENTS** | | |
| Cash and bank balances | **78,775,361** | 84,005,929 |
| Running Finance | **(2,151,196,894)** | (286,764,281) |
| | | |
| Net cash and cash equivalents at end of the year | **(2,072,421,533)** | (202,758,352) |

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
# FOR THE YEAR ENDED JUNE 30, 2025

**1. THE GROUP AND ITS OPERATIONS**

The Group consists of Sunrays Textile Mills Limited (the Holding Company) and Embee Industries (Private) Limited (Subsidiary). Brief profile of the Holding Company and subsidiary are as follows :

**1.1 Sunrays Textile Mills Limited**

Sunrays Textile Mills Limited "the Company" was incorporated in Pakistan on August 27, 1987 as a public limited company under the repealed Companies Ordinance, 1984 (Now Companies Act 2017) and its shares are quoted on the Pakistan Stock Exchange. The Company is principally engaged in trade, manufacture and sale of yarn. The registered office of the Company is situated at Office no. 508, 5th floor, Beaumont Plaza, Beaumont Road, Civil Lines Quarters, Karachi. The mill site is located at Khanpur Shumali khewat no. 359, District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab having area of 727 kanals and 10 Marlas.

**1.2 Embee Industries (Private) Limited**

Embee Industries (Private) Limited (the company) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) as a private limited company on 16th April, 1985. The principal business of the Company is manufacturing and sale of ice. The registered office and works of the company are located at Riaz Cotton Factory, Factory Area, Faisalabad in the province of the Punjab. The company became fully owned subsidiary of Sunrays Textile Mills Limited. The company has rented out its land and Building and is not in manufacturing operations.

**1.3 Basis of Consolidation**

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary.

Subsidiary company is fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control them is established and excluded from consolidation from the date of disposal or when the control is lost.

The financial statements of the subsidiary are prepared for the same reporting year as of the Holding Company for the purpose of consolidation, using consistent accounting policies. The accounting policies of the subsidiaries have been changed to conform with accounting policies of the Group, where required.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in these consolidated financial statements.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

**1.4 Business combination**

Acquisition of business is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as a sum of the acquisition-date fair values of the assets transferred by the Holding Company, liabilities incured by the Holding Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for the control of the acquiree. Acquisition-related costs are recognized in the statement of profit or loss as incurred.

At the acquisition date, the identified assets acquired and the liabilities assumed are recognized at their fair value.

Goodwill is initially measured at acquistion date as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, net amounts at the acquisition-date of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interest in the acquiree (if any), excess is recognized immediately in the statement of profit or loss as a bargain purchase gain.

**1.5 Acquisition of Subsidiary**

On July 26, 2021, the Group acquired 100% shareholding of EIL (17.35 Million Shares) against cash consideration of Rs. 190.85 Million and qualifies as a business as defined in IFRS 3 Business Combinations. EIL was acquired to invest surplus funds available with the Holding Company.

**A Identifiable assets acquired and liabilities assumed:**

| | Rs. |
|---|---|
| Property, plant and equipment | 197,492,977 |
| Long term deposits | 20,040 |
| Other receivables | 58,671 |
| Cash and bank balances | 383,784 |
| Trade and other payables | (66,091) |
| | **198,021,562** |

**B Bargain purchase option (BPO):**

BPO arising from the acquisition has been recognised as follows:

| | |
|---|---|
| Consideration transferred | 190,850,000 |
| Net assets at the date of acquisition | 198,021,562 |
| | **(7,171,562)** |

**2 BASIS OF PRESENTATION**

**2.1 Statement of compliance**

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

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

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

**2.2 Basis of measurement**

These consolidated financial statements have been prepared under historical cost convention except indicated in note 4.1, 4.4 and 4.11.

**2.3 Functional and presentation currency**

The consolidated financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

**2.4 Significant accounting estimates and judgments**

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised.

In preparing these consolidated financial statements, the significant judgement made by the management in applying accounting policies include:

- useful life and residual values of depreciable assets (note 4.5 and 5.1)
- allowance for expected credit losses (note 4.11 and 9.2)
- provision for current tax and deferred tax (note 4.2, 33,34 and 35)
- revaluation of assets pertaining to freehold land, building on freehold land, plant and machinery (note 16)
- staff retirement benefits (note 4.1 and 20.1)
- net realizable value of stock-in-trade (note 4.8 and 8)

**3. Adoption of new and revised accounting standards**

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates :

**3.1 New amendments that are effective for the year ended June 30, 2025**

The following amendments are effective for the year ended June 30, 2025. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures

Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Convenants

Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements

**3.2 Standard and amendments to IFRS that are not yet effective**

The following standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

| | Effective from accounting period beginning on or after: |
|---|---|
| Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability | January 01, 2025 |
| IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17) | January 01, 2026 |
| Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments | January 01, 2026 |
| Annual Improvements to IFRS Accounting Standards (related to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7) | January 01, 2026 |
| Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Contracts Referencing Nature-dependent Electricity | January 01, 2026 |

3.3 Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:
- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 - Presentation and Disclosures in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures

## 4. MATERIAL ACCOUNTING POLICIES INFORMATION

The Company has consistently applied the following accounting policies to all presented in thses consolidated financial statements.

### 4.1 Staff retirement benefits

The Group operates an unfunded gratuity scheme covering all its employees. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation. Actuarial gains and losses are recognized immediately as they arise in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested. Otherwise it is amortized on a straight line basis over the average period until the amended benefits become vested.

Details of the scheme are given in the note 20.1 to these consolidated financial statements.

### 4.2 Taxation / Revenue Taxes / Final Taxes

**Current**

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, as per Income Tax Ordinance , 2001.

**Revenue Taxes**

Revenue taxes includes amount representing excess of :

a)minimum tax paid under section 113 over income tax determined on income streams taxable at general rate of taxation; and

b)minimum tax withheld / collected / paid or computed over tax liability computed on (related income tax streamstaxable at general rate of tax), is not adjustable against tax liability of subsequent tax years.

Amount over income tax determined on income streams taxable at general rate of taxation shall be treated as revenue taxes.

The company determines, based on expected future taxable profits, that excess paid under section 113 by the entity over and above its tax liability (on income stream(s) taxable at general rate of taxation) is expected to be realized in subsequent tax years, then, such excess shall be recorded as deferred tax asset adjustable against tax liability for subsequent tax years. This shall be recognized as 'deferred tax asset' for the reason that it represents unused tax credit as it can be adjusted only against tax liability (of subsequent tax years) arising on taxable income subject to general rate of taxation. Such an asset shall be subject to requirements contained in IAS 12 'Income Tax'

A levy is an outflow of resources embodying economic benefits that is imposed by govemments on entities in accordance with legislation (i.e. laws and/or regulations), other than :

(a) those outflows of resources that are within the scope of other standards.

(b) fines or other penalties that are imposed for breaches of the legislation.

In these financial statements, levy includes minimum taxes differential, if any, final taxes and super taxes which are calculated on a basis other than taxable profits. The corresponding advance tax paid, except for minimum taxes under section 113, which are treated as levy are recognised as prepaid assets.

**Final Taxes**

Final taxes includes tax charged / withheld / paid on certain income streams under various provisions of Income Tax Ordinance, 2001 (Ordinance). Final tax is charged / computed under the Ordinance, without reference to income chargeable to tax at the general rate of tax and final tax computed / withheld or paid for a tax year is construed as final tax liability for the related stream of Income under the Ordinance.

Final tax paid is considered to be full and final discharge of the tax liability for the Company for a tax year related to that income stream.

**Deferred**

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes after considering, the average enacted tax rate.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized. Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

**4.3 Dividend distribution**

Dividend distribution to the Group's shareholders is recognized as a liability in the consolidated financial statement in the period in which the dividends are approved by the Group's Shareholders.

**4.4 Foreign currencies**

Transactions in currencies other than Pakistani Rupees are recorded at the rates of exchange prevailing on the dates of the transactions. At each consolidated statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the consolidated statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in profit or loss for the period.

**4.5 Property, plant and equipment**

Property, plant and equipment except free hold land, building on freehold land, plant and machinery, electric installations and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses.

**Revaluation**

Free hold land, building on free hold land, plant and machinery and electric installations are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the consolidated statement of financial position date. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on revaluation of property, plant and equipment'. A decrease in the carrying amount arising surplus on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to previously revalued assets. To the extent of incremental depreciation charged on revalued assets, on disposal of revalued assets and the related surplus on revaluation (net of deferred tax) is transferred directly to unappropriated profit.

Depreciation is charged to income applying reducing balance method to write-off the cost over the estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Rates of depreciation are stated in note 6. In respect of additions and disposals during the year, depreciation is charged from the month when the assets is available for use and ceased from the month of disposal, to the statement of profit or loss applying the reducing balance method

Gains or losses on disposal of operating assets, if any, are recognized in consolidated statement of profit or loss account, as and when incurred. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

Normal repairs and maintenance are charged to consolidated statement of profit or loss account as and when incurred. Major renewals and improvements are capitalized and assets replaced, if any, other than those kept as stand-by are retired.

**Capital work-in-progress**

Capital work-in-progress (CWIP) is stated at cost less any recognized impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are available for use.

**4.6 Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Any gain or loss on disposal of investment property, calculated as difference between the proceeds from disposal and the carrying amount is recognised in the consolidated statement of profit or loss

**4.7 Stores and spares**

These are valued at lower of cost or net realizable value, cost is determined on the basis of moving average cost less allowance for obsolete and slow moving items, except for items in transit which are valued at cost incurred to the consolidated statement of financial positions

**4.8 Stock in trade**

These are valued at lower of cost and net realizable value. Cost is determined by applying the following basis:

| | |
|---|---|
| Raw material | |
| - At mills | Weighted average cost |
| - In transit | At cost incurred to the statement of financial positi |
| Work in process | Average manufacturing cost |
| Finished goods | Average manufacturing cost |
| Waste | Net realizable value |

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

**4.9 Trade debts**

Trade debts and other receivables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method less allowance for expected credit losses.

### 4.10 Impairment of non-financial assets

The Group assesses at each consolidated statement of financial position 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 amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in consolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversal of impairment loss is recognized as income.

### 4.11 Financial Instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group's becomes a party to the contractual provisions of the instrument Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 4.11.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Classification of financial assets**

**a) Debt instruments measured at amortised cost**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial assets.

As at reporting date, the Group carries cash and cash equivalents, trade receivables and sales tax refund bonds at amortized cost.

**b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)**

Debt instruments that meet specified conditions and are measured subsequently at fair value through other comprehensive income (FVTOCI).

As at reporting date, the Group does not hold any debt instrument classified as at FVTOCI.

**c) Equity instruments designated as at FVTOCI**

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

As at reporting date, the Group does not hold any equity instrument classified as at FVTOCI.

**d) Financial assets measured subsequently at fair value through profit or loss (FVTPL)**

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

As at reporting date, the Group carries investments in shares of listed companies and units of mutual funds classified as at FVTPL.

## Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost or at FVTPL, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12?month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward looking information.

**Definition of default:**

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

**Write-off policy**

The Group writes off financial assets when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognised in profit or loss.

**Derecognition of financial assets**

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**4.11.2 Financial liabilities**

Subsequent measurement of financial liabilities

Financial liabilities that are not

- contingent consideration of an acquirer in a business combination,
- held-for-trading, or
- designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability

**4.11.3 Derecognition of financial liabilities**

The Group derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**4.11.4 Off setting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount reported in the consolidated statement of financial position, if the Group has a current legal enforceable right to set off the recognized amount and the Group also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**4.12 Trade and other payables**

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the group.

**4.13 Revenue recognition**

The Group is in the business of sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer and the performance obligation is satisfied under the contract at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

- Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.
- Export rebate is recognized on accrual basis at the time of making the Export sales.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer ( if any ).

**4.14 Cash and cash equivalents**

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash and cheques in hand, balances with banks on current, saving and deposit accounts and short- term running finance. Running finance under mark up arrangement are shown with short term borrowings on the balance sheet date.

**4.15 Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are charged to income in the period in which these are incurred.

**4.16 Borrowings**

Loans and borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance cost is accounted for on an accrual basis and are included in mark-up accrued on loans to the extent of amount remaining unpaid, if any.

**4.17 Earning Per share**

The Group presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## 5. PROPERTY, PLANT AND EQUIPMENT

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | ---------- Rupees ---------- | |
| Operating assets | 5.1 | **8,601,108,352** | 7,356,417,914 |
| Capital work-in-progress | 5.4 | - | 421,731,631 |
| | | **8,601,108,352** | 7,778,149,545 |

**5.1 Operating Assets**

| Particulars | Cost / revalued amount | | | | Depreciation | | | | Written down value at end of year | Rate |
|---|---|---|---|---|---|---|---|---|---|---|
| | At start of year | Additions / (disposal) | Revaluation adjustment | At end of year | At start of year | For the year / (on disposal) | Revaluation Adjustment | At end of year | | |
| | Rupees | | | | | | | | | |
| Owned | | | | | | | | | | |
| Freehold land | 1,161,382,055 | - | 339,287,945 | 1,500,670,000 | - | - | | - | 1,500,670,000 | - |
| Building on freehold land | 1,876,802,745 | 4,547,434 | (342,126,244) | 1,539,223,935 | 216,435,679 | 167,391,840 | (383,827,519) | - | 1,539,223,935 | 10% |
| Plant and machinery | 5,227,661,907 | 334,832,175 | (987,524,081) | 4,574,970,001 | 1,073,579,024 | 441,117,887 | (1,514,696,911) | - | 4,574,970,001 | 10% |
| Electric installations | 246,026,774 | 310,242,367 | 180,030,859 | 736,300,000 | 65,763,926 | 44,698,354 | (110,462,280) | - | 736,300,000 | 10% |
| Factory equipments | 4,255,496 | 210,000 | - | 4,465,496 | 3,128,549 | 126,695 | - | 3,255,244 | 1,210,252 | 10% |
| Office equipments | 5,066,546 | - | - | 5,066,546 | 4,264,086 | 80,246 | - | 4,344,332 | 722,214 | 10% |
| Electric appliances | 4,617,405 | - | | 4,617,405 | 3,673,478 | 94,393 | - | 3,767,871 | 849,534 | 10% |
| Furniture and fittings | 17,480,564 | - | | 17,480,564 | 7,856,054 | 962,592 | - | 8,818,646 | 8,661,918 | 10% |
| Vehicles | 302,450,165 | 152,047,910<br>(82,396,316) | | 372,301,759 | 113,824,947 | 38,882,318<br>(19,906,004) | - | 132,801,261 | 239,500,498 | 20% |
| 2025 | 6,844,943,657 | 801,879,886<br>(82,396,316) | (810,331,521) | 8,754,095,706 | 1,488,525,743 | 693,354,325<br>(19,906,004) | (2,008,986,710) | 152,987,334 | 8,601,108,352 | |
| | Rupees | | | | | | | | | |
| Owned | | | | | | | | | | |
| Freehold land | 1,159,040,000 | 2,342,055 | | 1,161,382,055 | - | - | | - | 1,161,382,055 | - |
| Building on freehold land | 518,670,090 | 1,358,132,655 | | 1,876,802,745 | 51,131,938 | 165,303,741 | - | 216,435,679 | 1,660,367,066 | 10% |
| Plant and machinery | 2,441,364,079 | 2,786,297,828 | | 5,227,661,907 | 644,913,282 | 428,665,742 | - | 1,073,579,024 | 4,154,082,883 | 10% |
| Electric installations | 69,644,240 | 176,382,534 | | 246,026,774 | 47,575,300 | 18,188,626 | - | 65,763,926 | 179,262,848 | 10% |
| Factory equipments | 4,255,496 | - | | 4,255,496 | 3,003,333 | 125,216 | - | 3,128,549 | 1,126,947 | 10% |
| Office equipments | 5,066,546 | - | | 5,066,546 | 4,174,924 | 89,162 | - | 4,264,086 | 802,460 | 10% |
| Electric appliances | 4,617,405 | - | | 4,617,405 | 3,568,597 | 104,881 | - | 3,673,478 | 943,927 | 10% |
| Furniture and fittings | 11,396,564 | 6,084,000 | | 17,480,564 | 7,349,854 | 506,200 | - | 7,856,054 | 9,624,510 | 10% |
| Vehicles | 180,465,799 | 130,134,866<br>(8,150,500) | | 302,450,165 | 97,354,551 | 23,146,880<br>(6,676,488) | - | 113,824,947 | 188,625,218 | 20% |
| 2024 | 4,394,720,219 | 4,292,991,404<br>(8,150,500) | | 6,844,943,657 | 859,071,779 | 636,130,450<br>(6,676,488) | - | 1,488,525,743 | 7,356,417,914 | |

**5.2** Disposal of property, plant and equipment of book value exceeding Rs. 500,000

| Particulars | Cost | Accumulated Depreciation | Carrying value | Sale proceeds | Gain | Mode of Disposal | Relationship | Particulars of buyers |
|---|---|---|---|---|---|---|---|---|
| | Rupees | | | | | | | |
| **For the year ended 2025** | | | | | | | | |
| **Vehicle** | | | | | | | | |
| Toyota Hilux | 1,569,000 | 1,482,144 | 86,856 | 250,000 | 163,144 | Negotiation | Third party | Mehmood Aziz |
| BMW | 60,325,988 | 1,499,771 | 58,826,217 | 59,322,034 | 495,817 | Negotiation | Third party | Hum Network |
| Honda Civic | 3,904,500 | 2,837,867 | 1,066,633 | 1,150,000 | 83,367 | Negotiation | Third party | Maryam Bibi |
| BMW | 13,829,758 | 11,880,105 | 1,949,653 | 7,500,000 | 5,550,347 | Insurance claim | Third party | EFU General Insurance |
| Toyota Alphard | 2,767,070 | 2,206,117 | 560,953 | 1,000,000 | 439,047 | Negotiation | Third party | Muhammad Nadeem Ahmad |
| | 82,396,316 | 19,906,004 | 62,490,312 | 69,222,034 | 6,731,722 | | | |
| **For the year ended 2024** | | | | | | | | |
| **Plant and machinery** | | | | | | | | |
| Toyota Corolla A/T Gli | 1,789,500 | 1,660,506 | 128,994 | 600,000 | 471,006 | Negotiation | Third party | Muhammad Naeem Ahmed |
| Suzuki Cultus | 1,406,000 | 1,073,648 | 332,357 | 500,000 | 167,643 | Negotiation | Third party | Gul Sumaira Bushra |
| Honda Civic | 2,634,500 | 1,936,208 | 698,292 | 2,000,000 | 1,301,708 | Negotiation | Third party | Najam Ul Islam |
| Toyota Corolla | 2,320,500 | 2,006,128 | 314,372 | 500,000 | 185,628 | Negotiation | Third party | Shahzad Hassan |
| | 8,150,500 | 6,676,488 | 1,474,015 | 3,600,000 | 2,125,985 | | | |

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| 5.3 | Depreciation for the year has been allocated as under: | | ------------ Rupees ---------- | |
| | Cost of sales | 27 | **650,622,864** | 611,344,547 |
| | Administrative expenses | 29 | **42,731,461** | 24,785,902 |
| | | | **693,354,325** | 636,130,449 |
| 5.4 | Capital Work in Progress | | | |
| | Machinery | | - | 223,751,801 |
| | Electric installations | | - | 197,979,830 |
| | | 5.4.1 | - | 421,731,631 |
| 5.4.1 | Movement in capital work in progress | | | |
| | Opening balance | | **421,731,631** | 3,822,113,899 |
| | Additions during the year | | **184,137,983** | 889,511,425 |
| | Transfer to operating assets | | **(605,869,614)** | (4,289,893,693) |
| | | | - | 421,731,631 |

5.5 The Group has its freehold land, building on freehold land and plant and machinery revalued on June 30, 2025 by Joseph Lobo (Private) Limited & M.Y.K Associate (Private) Limited, independent valuers. The basis used for the revaluation of these assets were as follows:

**Freehold land**

Fair market value of the land was assessed through inquiries in the vicinity of land, recent market deals and information obtained through estate agents and property dealers of the area.

**Building on freehold land**

Fair market value of the building was assessed mainly through new construction value, depreciation cost factors, state of infrastructure, current trends in prices of real estate in the vicinity.

**Plant and machinery and electric installations**

Fair market value of the plant and machinery and electric installations was assessed through inquiries of local authorized dealers who deal in old and new similar type of plant and machineries. Replacement value was then ascertained from competitive rates of the plant and machinery and thereafter, an average depreciation factor was applied on the replacement value of the plant and machinery are electric installations.

Forced sale value of the above items of property, plant and equipment is as follows:

| | Rupees |
|---|---|
| Freehold land | 1,147,536,000 |
| Building on freehold land | 1,156,719,088 |
| Plant and machinery | 3,431,452,500 |
| Electric installations | 551,250,000 |
| | **6,286,957,588** |

5.6 Had there been no revaluation the related figures of freehold land, building on freehold land and plant and machinery as at the consolidated statement of financial position date would have been as follows:

| | 2025 | 2024 |
|---|---|---|
| | ------------ Rupees ---------- | |
| Freehold land | **302,872,785** | 124,872,785 |
| Building on freehold land | **1,162,693,134** | 1,269,199,929 |
| Plant and machinery | **3,473,521,863** | 3,515,999,207 |
| Electric installation | **444,806,861** | - |
| | **5,383,894,643** | 4,910,071,921 |

6. This amount represents advances provided to suppliers for the acquisition of capital nature items.

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | ——— Rupees ——— | |
| 7. | STORES AND SPARES | | | |
| | Stores | | **164,256,113** | 105,439,644 |
| | Spares | | **133,408,184** | 142,266,640 |
| | | | **297,664,297** | 247,706,284 |

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| **8.** | STOCK-IN-TRADE | | ------------- Rupees ----------- | |
| | Raw material | | **2,955,173,389** | 768,323,885 |
| | Raw material in-transit | | **543,111,997** | 1,246,250,642 |
| | Work in process | | **120,000,081** | 109,973,699 |
| | Finished goods | | **417,937,847** | 172,091,901 |
| | Waste | | **214,115,753** | 98,760,099 |
| | | | **4,250,339,067** | 2,395,400,226 |
| **9.** | TRADE DEBTS | | | |
| | Foreign - secured and considered good | | **771,091,927** | 373,456,203 |
| | Local - unsecured | 9.1 | **3,712,635,350** | 2,712,141,717 |
| | | | **4,483,727,277** | 3,085,597,920 |
| | Allowance for expected credit losses | 9.2 | **(41,849,223)** | (17,138,646) |
| | | | **4,441,878,054** | 3,068,459,274 |

**9.1** It includes due from associated undertakings relating to sale of yarn in normal course of business. Detail of balances due is as follows:

| | | | | |
|---|---|---|---|---|
| | Indus Home Limited | 9.5 & 40 | **608,222** | 96,265,396 |
| **9.2** | **Allowance for expected credit losses** | | | |
| | Opening balance | | **17,138,646** | 2,905,285 |
| | Expected credit losses | | **24,710,577** | 14,233,361 |
| | Closing balance | | **41,849,223** | 17,138,646 |

**9.3** Trade debts are generally on 60 to 90 days credit terms.

**9.4** As at year end, trade receivables of Rs. 41.85 millon (2024: Rs. 17.14 million) were past due.

**9.5** The maximum outstanding balance during the year due from Indus Home Limited is Rs. 119.04 million (2024: Rs. 96.27 million).

| | | | | |
|---|---|---|---|---|
| **10.** | LOANS AND ADVANCES | | | |
| | Considered good | | | |
| | Due from employees | 10.1 | **22,938,277** | 29,586,502 |
| | Advances : | | | |
| | To suppliers / services | | **43,102,324** | 65,984,452 |
| | Letter of credit margin | | **12,041,638** | 6,582,159 |
| | | | **78,082,239** | 102,153,113 |

**10.1** These are interest free loans, secured against gratuity.

| | | | | |
|---|---|---|---|---|
| **11.** | **TRADE DEPOSITS AND OTHER RECEIVABLES** | | | |
| | Bank guarantee margin | | **161,341,830** | 21,896,388 |
| | Cotton claims - considered good | | **25,069,397** | 10,033,679 |
| | Rebate claims | | **972,863** | 2,122,182 |
| | Other | | **653,912** | 713,652 |
| | | | **188,038,002** | 34,765,901 |
| **12.** | SHORT TERM INVESTMENTS | | | |
| | Investments in units of mutual funds | 12.1 | **4,331,963** | 8,568,627 |
| | Investment in ordinary shares of listed companies | 12.2 | **643,070,802** | 421,041,529 |
| | **At amortized cost** | | | |
| | Investment in term finance certificate | 12.3 | **100,000,000** | 100,000,000 |
| | Term deposit receipts | 12.4 | **5,000,000** | 5,000,000 |
| | | | **752,402,765** | 534,610,156 |

**12.1 Investments in units of mutual funds**

| 2025 | 2024 | | 2025 | 2024 |
|---|---|---|---|---|
| Number of units | | | ------------- Rupees ----------- | |
| **7** | 6 | Alfalah GHP Money Market Fund | **682** | 594 |
| **6** | 858 | HBL Money Market Fund | **593** | 88,561 |
| **97** | 27,994 | UBL Cash Fund | **9,700** | 2,803,797 |
| **12,423** | 285,722 | NBP Mahana Amadni Fund | **124,636** | 2,859,560 |
| **406,787** | 281,381 | NBP Money Market Fund | **4,091,467** | 2,816,115 |
| **110** | - | Faisal Cash Fund | **11,013** | - |
| **314** | - | UBL Stock Advantage Fund | **64,770** | - |
| **169** | - | MCB Cash Management Optimizer | **17,332** | - |
| **364** | - | Nafa Stock Fund | **11,745** | - |
| **1** | - | Nafa Islamic Energy Fund | **25** | - |
| **420,278** | 595,960 | | **4,331,963** | 8,568,627 |

**12.2 Investment in ordinary shares of listed companies**

| Number of shares | | | | |
|---|---|---|---|---|
| 2025 | 2024 | | | |
| - | 32,920 | Engro Fertilizer Limited | - | 10,952,813 |
| **510,500** | 102,100 | Systems Limited | **54,694,970** | 42,708,430 |
| **342** | - | Highnoon Labortaries Limited | **337,882** | - |
| **104,000** | 104,000 | Pakistan Aluminium Beverages Cans Limited | **15,004,080** | 7,680,400 |
| **84,750** | 84,750 | Tariq Glass Industries Limited | **21,286,658** | 9,877,613 |
| **476,500** | 95,300 | Lucky Cement Limited | **169,271,860** | 86,411,369 |
| **21,239** | 104,004 | Mughal Iron & Steel Industries Limited | **1,531,757** | 9,672,372 |
| **10,245** | - | Mughal Iron & Steel Industries Limited (Class C) | **430,290** | - |
| **172,140** | 177,140 | Hub Power Company Limited | **23,722,613** | 28,887,991 |
| **159,308** | 19,500 | Mari Energies Limited | **99,868,592** | 52,890,630 |
| **651,600** | 626,100 | Meezan Bank Limited | **216,363,780** | 149,882,079 |
| **116,600** | - | Bank Al Falah Limited | **9,355,984** | - |
| **73,875** | - | Engro Holding Limited | **13,486,620** | - |
| **261,448** | 261,448 | Interloop Limited | **17,715,716** | 18,518,362 |
| - | 42,099 | International Steels Limited | - | 3,559,470 |
| **2,642,547** | 1,649,361 | | **643,070,802** | 421,041,529 |

**12.3 Investment in term finance certificate**

| **2025** | **2024** | | | | |
|---|---|---|---|---|---|
| **Number of certificates** | | | | | |
| **1,000** | 1,000 | Habib Bank Limited | 12.3.1 | **100,000,000** | 95,333,000 |

**12.3.1** This represents investment in AA+ rated, unsecured, subordinated, perpetual and non-cumulative term finance certificate of Habib Bank Limited, having face value of Rs.100,000 per certificate and carries profit at the rate of 3 months KIBOR + 1.60% per annum.

**12.4** Effective markup rate in respect of term deposit receipt ranges from 9.37% to 15.24% (2024: 15.24% to 18.53%) per annum.

**13.** TAXES REFUNDABLE

| | | |
|---|---|---|
| Sales tax refundable | **998,821,867** | 773,149,601 |
| Income tax refundable | **123,843,879** | 123,732,845 |
| | **1,122,665,746** | 896,882,446 |

| 14. CASH AND BANK BALANCES | Note | 2025 | 2024 |
|---|---|---|---|
| | | ------------- Rupees ----------- | |
| Cash in hand | | 531,211 | 82,470 |
| Cash at bank | | | |
| - Current accounts | | 78,203,706 | 83,886,518 |
| - Saving accounts | 14.1 | 40,444 | 36,941 |
| | | 78,244,150 | 83,923,459 |
| | | 78,775,361 | 84,005,929 |

**14.1** Effective markup rate in respect of saving and deposit accounts ranges from 9.50% to 22% (2024: 15.24% to 18.53%) per annum.

**15.** ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| 2025 | 2024 | | 2025 | 2024 |
|---|---|---|---|---|
| —— Number of shares —— | | | ——— Rupees ——— | |
| Authorized capital | | | | |
| 50,000,000 | 50,000,000 | Ordinary shares of Rs. 10 each | 500,000,000 | 500,000,000 |
| Issued, subscribed and paid up capital | | | | |
| 20,700,000 | 20,700,000 | Ordinary shares of Rs. 10 each fully paid in cash | 207,000,000 | 207,000,000 |

**15.1.** 205,962 ordinary shares (2022: 205,962) of Rs. 10 each are held by the associated company - Indus Dyeing & Manufacturing Company Limited

**15.2.** The Group has only one class of ordinary shares which carry no right to fixed income.

**15.3.** Shareholders are entitled to cast vote proportionate to the paid up value of shares carrying voting rights. All shares rank equally with regard to the Group's residual assets.

**16.** SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

| | 2025 | 2024 |
|---|---|---|
| Surplus on revaluation of property, plant and equipment | | |
| Opening balance | 1,868,879,247 | 1,981,808,736 |
| Surplus arising on revaluation during the year | 1,198,655,189 | - |
| Transferred to unappropriated profit on account of : | | |
| Incremental depreciation | (67,847,646) | (112,929,489) |
| Revaluation surplus due to disposal of revalued assets | (33,417,497) | - |
| | (101,265,143) | (112,929,489) |
| | 2,966,269,293 | 1,868,879,247 |
| Related deferred tax liability | | |
| Opening balance | 334,174,975 | - |
| Addition during the year | 283,591,191 | - |
| Related deferred tax liability due to incremental depreciation | (33,417,497) | - |
| Adjustment due to change in rate | - | 334,174,975 |
| | 584,348,669 | 334,174,975 |
| Closing balance | 2,381,920,624 | 1,534,704,272 |

**17. RESERVES**

| | Note | 2025 | 2024 |
|---|---|---|---|
| Capital reserve | 17.1 | 2,500,000,000 | - |
| General reserve | 17.2 | 3,612,000,000 | 612,000,000 |
| | | 6,112,000,000 | 612,000,000 |

**17.1** The Board of Director of the Company in its meeting held on Februery 28, 2024, decided to allocate a sum of Rs. 2.5 billion as not available for distribution by way of dividend for purposes of investment and bonus in future years.

**17.2** This represents reserves created out of profits of the company.This reserves are not usable for profit distribution.

## 18. LONG TERM FINANCING

| | Note | 2025 | 2024 |
|---|---|---|---|
| From banking companies - secured | | ---------- Rupees | ---------- |
| Term finance: | | | |
| Allied Bank Limited | 18.1 | **597,964,596** | 683,388,110 |
| Bank Al Habib Limited | 18.2 | **56,336,100** | 80,703,300 |
| Bank Al Habib Limited | 18.3 | **771,977,188** | 815,000,000 |
| | | **1,426,277,884** | 1,579,091,410 |
| **Demand finance (DF):** | | | |
| MCB Bank Limited - DF I | 18.4 | **615,687,613** | 617,216,894 |
| MCB Bank Limited - DF II | 18.5 | **256,374,540** | |
| | | **872,062,153** | 617,216,894 |
| **Renewable energy finance:** | | | |
| Askari Bank Limited | 18.6 | **170,000,000** | 170,000,000 |
| LTFF: | | | |
| United Bank Limited | 18.7 | - | 7,386,765 |
| Bank Alfalah Limited | 18.8 | **222,656,250** | 269,531,250 |
| MCB Bank Limited | 18.9 | **191,897,624** | 245,400,170 |
| Allied Bank Limited | 18.10 | **48,975,294** | 58,770,356 |
| Allied Bank Limited | 18.11 | **46,730,802** | 54,519,268 |
| | | **510,259,970** | 635,607,809 |
| | | **2,978,600,006** | 3,001,916,113 |
| Less: Current portion | | **(418,053,579)** | (223,944,846) |
| Less: Deferred grant | | **(60,219,160)** | (70,263,847) |
| | | **2,500,327,267** | 2,707,707,420 |

### 18.1 Allied Bank Limited - TF

This finance has been obtained from Allied Bank to finance / retire LCs established for import of plant and machinery and allied equipment's for establishment / requirements of the company i.e. enhancement in existing capacity of spinning set-up. The loan is repayable in 16 equal half yearly installments with 2 years grace period commencing from June 14, 2024 and the date of final repayment will be February 12, 2032. This loans carry mark up at the rate of 6 Months KIBOR + 0.75%. The finance was secured against 1st pari passu charge for over the present and future fixed assets of the company for Rs.800 Million inclusive of 25% margin.

### 18.2 Bank Al Habib Limited - TF

This finance has been obtained from Bank Al Habib Limited for the payment of import documents drawn under LC Sight having Limit of Rs 150 million for import of renewable energy equipment and for the payment of local equipment having capacity of 1.64 Mega Watt and / or payment to local supplier if equipment to be purchased locally against each LC. The loan is repayable in 20 equal quarterly installments against each LC commencing from November 22, 2022 and the date of final repayment will be July 12, 2028. It carries mark up at the rate of 6 Months KIBOR + 0.5%.

### 18.3 Bank Al Habib Limited - TF

This finance has been obtained from Bank Al Habib Limited for the purchase of plant & machinery. The loan is repayable in 16 equal half yearly installments with 2 years grace period against each LC commencing from May 24, 2025 and the date of final repayment will be January 30, 2033. It carries mark up at the rate of 6 Months KIBOR + 1%. The finance is secured against 1st pari passu Charge of Rs. 1,287 million (to be registered with SECP) over Fixed Assets (including Land, Building & machinery) of the company.

### 18.4 MCB Bank Limited - DF I

This finance has been obtained to retire / finance imported components / equipments / machinery imported through MCB used for setting-up new open ended Spinning unit. The loan is repayable in 16 equal half yearly installments after 2 years grace period against each LC commencing from May 16, 2025 and the date of final repayment will be September 13, 2033 . It carries mark up at the rate of 6 months KIBOR + 0.5%.The finance is secured against 1st pari passu hypothecation / Equitable mortgage charge of Rs 934 million on all fixed asset of the Company.

**18.5 MCB Bank Limited - DF II**

This finance has been obtained to retire / finance imported components / equipments / machinery imported through MCB used for setting-up new open ended Spinning unit. The loan is repayable in 16 equal half yearly installments after 2 years grace period against each LC. It carries mark up at the rate of 6 months KIBOR + 0.5% per annum.The finance is secured against 1st pari passu hypothecation / equitable mortgage charge of Rs 432 million with 25% margin on all fixed asset of the company.

**18.6 Askari Bank Limited - REFF**

This finance has been obtained from Askari Bank Limited for the payment of import documents drawn under LC Sight having Limit of Rs 170 million, out of which Rs. 148 million has been converted into REFF under term finnace having markup at the rate of 3 month KIBOR +1.75% per annum for import of Renewable Energy Equipments (Solar Energy) having capacity of 2 Mega Watt under SBPs renewable energy refinance scheme.The loan is repayable in 32 equal quarterly installments against each LC commencing from November 25, 2025 and the date of final repayment will be August 31, 2033. During the year, markup was charged at the rate of 3 month KIBOR +1.75%for the loan not converted into REFF and at SBP + 3%on the REFF loan. The finance is secured against 1st pari passu Charge of Rs. 227 million over present and future fixed assets to be registered with SECP of the Company with 25% security margin.

**18.7 United Bank Limited - LTFF**

This finance has been obtained from United bank Limited for BMR. The loan is repayable in 10 equal half yearly installments commencing from February 18, 2019 with 11 months grace period and the date of final repayment will be August 18, 2024 . It carries markup at flat rate of 3%. The finance is secured against first pari passu charge of Rs. 125 million over all present and future fixed assets of the Company with 25% margin

**18.8 Bank Alfalah Limited - LTFF**

This finance has been obtained from Bank Alfalah Limited for BMR. The loan is repayable in 32 equal quarterly installments commencing from June 18, 2021 with 2 years grace period and the date of final repayment will be March 13, 2030. It carries markup at flat rate of 3%. The finance is secured against first pari passu charge of Rs. 500 million over all present and future fixed assets of the Company with 25% margin.

**18.9 MCB Bank Limited - LTFF**

This finance has been obtained from MCB Bank Limited for BMR. The loan is repayable in 16 equal half yearly installments commencing from April 5, 2021 with 2 years grace period and the date of final repayment will be March 5, 2029. It carries markup at rate of 2.5%. The finance is secured against first pari passu charge of Rs. 600 million over all present and future fixed assets of the company with 25% margin.

**18.10 Allied Bank Limited - LTFF**

This finance has been obtained from Allied Bank to pay salaries & wages under SBP's Refinance scheme for payment of wages & salaries. The loan is repayable in 8 equal quarterly installments commencing from December 22, 2022 and the date of final repayment will be June 22, 2030. It carries mark up at the rate of SBP + 1.25%. The finance is secured against 1st pari passu charge on fixed assets with 25% Margin.

**18.11 Allied Bank Limited - LTFF**

This finance has been obtained from Allied Bank to finance / retire LCs established for import / local procurement of plant & machinery and Allied equipment related to renewable captive power plant of the company. This finance had been obtained from Allied Bank to finance / retire LCs established for import / local procurement of plant & machinery and Allied equipment related to renewable captive power plant of the company. The loan is repayable in 16 equal half yearly installments commencing from May 25, 2022 with 3 months grace period and the date of last repayment will be May 27, 2031. It carries mark up at the rate of SBP + 0.50%. The finance is secured against first pari passu charge over all present and future fixed assets of the Company for Rs. 134 Million inclusive of 25% margin.

| | | 2025 | 2024 |
|---|---|---|---|
| **19.** | **DEFERRED TAXATION** | ------------- Rupees ----------- | |
| **19.1** | The liability for deferred taxation comprises timing differences relating to: | | |
| | Taxable temporary differences on: | | |
| | Operating fixed assets | **225,134,786** | 420,577,562 |
| | Surplus on revaluation of operating fixed assets | **584,348,668** | 334,174,975 |
| | Other financial assets | **57,474,771** | 20,762,999 |
| | Carried | **866,958,225** | 775,515,536 |
| | Brought forward | 866,958,225 | 775,515,536 |
| | Deductible temporary differences on: | | |
| | Brought forward tax losses | **-** | (135,929,832) |
| | Allowance for expected credit losses | **(13,810,244)** | |
| | Minimum tax paid in excess of normal tax | **(183,759,830)** | (254,899,826) |
| | Provision for staff retirement benefits - gratuity | **(27,359,052)** | (14,932,770) |
| | | **642,029,099** | 369,753,108 |

**19.1.1 Movement for the year ended June 30, 2025**

| | Balance as at July 01, 2024 | Recognized in profit or loss | Recognized in other comprehensive income | Balance as at June 30, 2025 |
|---|---|---|---|---|
| | ------------------ Rupees ------------------ | | | |
| Taxable temporary difference: | | | | |
| Operating fixed assets | 420,577,562 | **(195,442,776)** | - | **225,134,786** |
| Surplus on revaluation of operating fixed assets | 334,174,975 | **(33,417,497)** | 283,591,190 | **584,348,668** |
| Other financial assets | 20,762,999 | **36,711,772** | - | **57,474,771** |
| Deductible temporary difference: | | | | |
| Brought forward tax losses | (135,929,832) | **135,929,832** | - | **-** |
| Allowance for expected credit losses | - | **(13,810,244)** | - | **(13,810,244)** |
| Minimum tax paid in excess of normal tax | (254,899,826) | **71,139,996** | - | **(183,759,830)** |
| Provision for staff retirement benefits - gratuity | (14,932,770) | **(12,738,665)** | **312,383** | **(27,359,052)** |
| **June 30, 2025** | **369,753,108** | **(11,627,582)** | **283,903,573** | **642,029,099** |

Movement for the year ended June 30, 2024

| | Balance as at July 01, 2023 | Recognized in profit or loss | Recognized in other comprehensive income | Balance as at June 30, 2024 |
|---|---|---|---|---|
| | ------------------ Rupees ------------------ | | | |
| Taxable temporary difference: | | | | |
| Operating fixed assets | 340,926 | 420,236,636 | - | 420,577,562 |
| Surplus on revaluation of operating fixed assets | - | - | 334,174,975 | 334,174,975 |
| Other financial assets | - | 20,762,999 | - | 20,762,999 |
| Deductible temporary difference: | | | | |
| Brought forward tax losses | - | (135,929,832) | - | (135,929,832) |
| Minimum tax paid in excess of normal tax | - | (254,899,826) | - | (254,899,826) |
| Provision for staff retirement benefits - gratuity | - | (4,298,678) | (10,634,092) | (14,932,770) |
| **June 30, 2024** | 340,926 | 45,871,299 | 323,540,883 | 369,753,108 |

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | ------------- Rupees ----------- | |
| **20.** | **DEFERRED LIABILITIES** | | | |
| | Staff retirement benefits - gratuity | 20.1 | **82,906,218** | 45,250,817 |
| | Deferred Grant | 20.2 | **60,219,160** | 70,263,847 |
| | | | **143,125,378** | 115,514,664 |

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | ------------ Rupees ---------- | |
| 20.1 | Staff retirement benefits - gratuity | | | |
| | Liability recognized in the statement of financial position | | | |
| | Present value of defined benefit obligation | | **82,906,218** | 45,250,817 |
| 20.1.1 | Movement in the net liability | | | |
| | Opening balance | | **45,250,817** | 18,390,994 |
| | Charge for the year | | **53,995,391** | 33,038,006 |
| | Payment made during the year | | **(15,393,375)** | (5,656,454) |
| | Remeasurement gain | | **(946,615)** | (521,729) |
| | | | **82,906,218** | 45,250,817 |
| 20.1.2 | Changes in present value of defined benefit obligation | | | |
| | Opening defined benefit obligation | | **45,250,817** | 18,390,994 |
| | Current service cost | | **27,743,864** | 21,573,113 |
| | Past service cost | | **20,712,293** | 8,935,943 |
| | Interest cost | | **5,539,234** | 2,528,950 |
| | Benefits paid | | **(15,393,375)** | (5,656,454) |
| | Actuarial loss from changes in experience adjustments | | **(148,754)** | 1,095,841 |
| | Actuarial loss from changes in financial assumptions | | **(797,861)** | (1,617,570) |
| | | | **82,906,218** | 45,250,817 |
| 20.1.3 | Charge for the year | | | |
| | Current service cost | | **27,743,864** | 21,573,113 |
| | Past service cost | | **20,712,293** | 8,935,943 |
| | Interest cost | | **5,539,234** | 2,528,950 |
| | | | **53,995,391** | 33,038,006 |
| 20.1.4 | Allocation of charge for the year | | | |
| | Cost of sales | 27.2 | **44,189,341** | 27,038,006 |
| | Administrative expenses | 29.1 | **9,806,050** | 6,000,000 |
| | | | **53,995,391** | 33,038,006 |
| 20.1.5 | Remeasurement gain/loss recognised in other comprehensive income | | | |
| | Actuarial loss / (gain) from changes in experience adjustments | | **(148,754)** | 1,095,841 |
| | Actuarial loss from changes in financial assumptions | | **(797,861)** | (1,617,570) |
| | Remeasurement gain/loss | | **(946,615)** | (521,729) |

As per actuarial valuation carried out as at June 30, 2025 by Nauman Associates using Projected Unit Credit Method, the following significant assumptions have been used for valuation of defined benefit obligation of the Company:

| | 2025 | 2024 |
|---|---|---|
| Discount rate | **11.75%** | 14.75% |
| Expected rate of salary increase in future years | **10.75%** | 13.75% |
| Average expected remaining working life time of employees | **6 years** | 6 years |

Mortality rate was based on the State Life Corporation (SLIC) 2001-2005 ultimate mortality rates with 1 year setback as per recommendation of Pakistan Society of Actuaries ("PSOA").

**20.1.6 Staff retirement benefits sensitivity analysis**

| | Increase/(decrease) in defined benefit obligation 2025 | 2024 |
|---|---|---|
| | ——— Rupees ——— | |
| Year end sensitivity analysis (+/- 100 bps) on defined benefit obligation: | | |
| Discount rate + 100 bps | **78,145,592** | 42,773,680 |
| Discount rate - 100 bps | **88,372,095** | 48,082,544 |
| Salary Increase + 100 bps | **88,602,792** | 48,218,649 |
| Salary Increase - 100 bps | **77,849,959** | 42,606,169 |
| Maturity Profile | | |
| Average duration of liability | **6 years** | 6 years |

Expected expense for the next year

The expected expense for the next year works out to Rs. 45.16 million.

**20.2 Deferred grant**

| | 2025 | 2024 |
|---|---|---|
| At beginning of the year | **70,263,847** | - |
| Deferred grant recognized on subsidized rate long term loan | - | 76,268,717 |
| Amortization of deferred grant | **(10,044,687)** | (6,004,870) |
| | **60,219,160** | 70,263,847 |
| Less: Current portion of deferred grant | **(10,983,161)** | (10,044,687) |
| | **49,235,999** | 60,219,160 |

**21. TRADE AND OTHER PAYABLES**

| | Note | 2025 | 2024 |
|---|---|---|---|
| Creditors | 21.1 | **275,930,193** | 492,625,639 |
| Provision for infrastructure cess | 21.3 | **392,820,908** | 246,877,592 |
| Accrued liabilities | | **221,000,992** | 131,066,133 |
| Payable to banks under bill discounting arrangement | | **185,704,477** | - |
| Provision for GIDC | 21.5 | **51,133,001** | 51,133,001 |
| Sales tax payable | | **19,941,612** | 919,984 |
| Advances from customers | 21.4 | **31,242,509** | 8,993,344 |
| Workers' Profit Participation Fund | 21.6 | **16,642,234** | 26,730,277 |
| Workers' welfare fund | | **18,824,493** | 17,069,564 |
| Due to employees | | **1,147,163** | 936,741 |
| Income tax deducted at source | | **647,530** | 304,581 |
| | | **1,215,035,112** | 976,656,856 |

**21.1** It includes due to associated undertakings relating to purchase of yarn and raw material in normal course of business. Detail of balances due is as follows:

| | 2025 | 2024 |
|---|---|---|
| Indus Dyeing & Manufacturing Co. | **61,151,268** | 63,170,016 |

**21.2** The maximum outstanding balance during the year due to Indus Dyeing & Manufacturing Co. Limited (associated undertaking) is Rs.165 million (2024: Rs. 63.17 million).

**21.3** This comprise provision for Sindh Development and Infrastructure Cess which was levied by the Excise and Tax Department of Government of Sindh on goods entering or leaving the province through air or sea at prescribed rate under Sindh Finance Ordinance, 2001. The levy was challenged by the Company along with other companies in Sindh High Court (SHC). SHC through its interim order passed on May 31, 2011 ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure cess should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed.In 2022, the Sindh High Court has passed an order on June 4, 2021, regarding the settlement of remainder of Infrastructure Cess, against which the Company has filed an appeal in the Supreme Court on September 9, 2021.The Company's legal counsel expect that the matter will be decided in favour of the Company.However, as a matter of prudence, the Company has paid Rs. nil (2024: Rs. nil) of the value of infrastructure cess in cash and recorded liability for the unpaid amount which is supported by a bank guarantee.

**21.4** These represent advances received by the Company from customers in respect of sales. Revenue aggregating of Rs. 2.2 million has been recognized for the preceding year advances from customers.

**21.5** On August 13, 2020 the Supreme Court of Pakistan (SCP) through its order declared GIDC Act an intra vires to the constitution and directed all the industrial and commercial entities to pay the Cess that have become due up to July 31, 2020. However, as a concession, the same was allowed to be recovered in twenty four equal monthly installments starting from August 01, 2020.

In light of the above stated order of SCP, the Company opted to recognize the Cess as payable in twenty four equal monthly installments in accordance with the provision of IAS 37.

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | ------------- Rupees ----------- | |
| **21.6** | **Workers' Profit Participation Fund** | | | |
| | Opening balance | | **26,730,277** | 380,631 |
| | Payment to the fund | | **(26,730,277)** | (380,631) |
| | | | - | - |
| | Charge for the year | 30 | **16,642,234** | 26,730,277 |
| | Payment of the fund from current year liability | | - | - |
| | Closing balance | | **16,642,234** | 26,730,277 |
| **22.** | ACCRUED MARKUP | | | |
| | Accrued markup on: | | | |
| | - Short term borrowings | | **137,967,508** | 47,024,732 |
| | - Long term borrowings | | **81,631,126** | 128,763,792 |
| | | | **219,598,634** | 175,788,524 |
| **23.** | SHORT TERM BORROWINGS | | | |
| | **Secured - under markup arrangements from banking Companies** | | | |
| | Running finance - secured | 23.1 | **2,151,196,894** | 286,764,281 |
| | Cash finance | 23.2 | **618,851,903** | - |
| | Foreign currency loan - secured | 23.3 | **2,180,650,693** | 1,998,625,824 |
| | Finance against trust receipt | 23.4 | **523,679,043** | - |
| | | | **5,474,378,533** | 2,285,390,105 |

**23.1** Running finance have been obtained from commercial banks under mark up arrangements amount to Rs. 3,350 Million (2024: Rs. 3,000 million) of which facilities aggregating to Rs. 1,199 million (2024: Rs. 2,713 million) remained unutilized at the year end. The rate of mark up ranges from 12.87% to 21.64% per annum (2024: 22.37% to 23.63% per annum) payable on quarterly basis. These finances are secured against pledge of raw material and finished goods and charge on current assets of the Company.

**23.2** Cash finance have been obtained from commercial banks under mark up arrangements amount to Rs. 900 million (2024: Rs. 900 million) of which facilities aggregating to Rs. 282 million (2024: Rs. 900 million) remained unutilized at the year end. The rate of mark up ranges from 12.09% to 16.01% per annum payable on quarterly basis. These finances are secured against pledge of raw material and finished goods and charge on current assets of the Company.

**23.3** Foreign currency loan have been obtained from commercial banks under mark up arrangements amount to Rs. 4,000 million (2024: Rs. 5,225 million) of which facilities aggregating to Rs. 1,820 million (2024: Rs. 3,226 million) remained unutilized at the year end. The rate of mark up ranges from 4.65% to 8.5% per annum payable on quarterly basis (2024: 4% to 14% per annum). These finances are secured against pledge of raw material, finished goods and export document and charge on current assets of the Company.

**23.4** Finance against trust receipt have been obtained from commercial banks under mark up arrangements amount to Rs. 1,275 Million (2024: Rs. 1,275 million) of which facilities aggregating to Rs. 751 million (2024: Rs. 1,275 million) remained unutilized at the year end. The rate of mark up ranges from 11.78% to 13.12% per annum payable on quarterly basis. These finances are secured against pledge of raw material, finished goods and export document and charge on current assets of the company.

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| **24.** | PROVISION FOR TAXATION | | ------------- Rupees | ---------- |
| | Provision for revenue taxes | | 218,853,389 | 254,899,826 |
| | Provision for taxation | | 108,204,423 | 80,764,649 |
| | | | 327,057,812 | 335,664,475 |
| **25.** | CONTINGENCIES AND COMMITMENTS | | | |
| | Contingencies | | | |
| | Bank guarantees | 25.1 | 636,481,302 | 491,481,302 |

| | In favor of | Bank | 2025 | 2024 |
|---|---|---|---|---|
| **25.1** | Bank guarantees | | | |
| | Sui Northern Gas Pipelines Limited | MCB Bank Limited | 57,061,261 | 57,061,261 |
| | Ministry of Textile | MCB Bank Limited | 599,574 | 599,574 |
| | Excise and taxation | United Bank Limited | 110,560,000 | 110,560,000 |
| | Import Licence Fee | Habib Bank Limited | 274,552 | 274,552 |
| | Excise and taxation | MCB Bank Limited | 467,985,915 | 322,985,915 |
| | | | 636,481,302 | 491,481,302 |
| | Commitments | | | |
| | Under letters of credit for: | | | |
| | - Stores and spares | | 12,682,047 | 25,885,103 |
| | - Raw material | | 619,311,246 | 636,298,878 |
| | - Plant and machinery | | 63,149,387 | 95,330,032 |
| | | | 695,142,680 | 757,514,013 |

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| **26.** | **REVENUE FROM CONTRACTS FROM CUSTOMERS** | | | |
| | Exports | | | |
| | Yarn | 26.1 | 3,061,484,717 | 13,869,693,499 |
| | Local | | | |
| | Yarn | | 18,900,827,202 | 7,352,517,028 |
| | Doubling | | 31,398,453 | 15,675,568 |
| | Waste | | 299,101,048 | 329,823,478 |
| | | | 19,231,326,703 | 7,698,016,074 |
| | Sales tax on local sales | | (2,946,147,940) | (1,305,954,068) |
| | Commission | | (89,507,571) | (112,867,049) |
| | | | 19,257,155,909 | 20,148,888,456 |

**26.1** It includes indirect export of nil ( 2024: Rs. 7,686.38 million).

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| **27.** | COST OF SALES | | | |
| | Raw material consumed | 27.1 | 14,546,290,881 | 14,287,892,732 |
| | Power and fuel | | 1,497,596,150 | 1,657,147,288 |
| | Salaries, wages and benefits | 27.2 | 832,414,110 | 687,789,295 |
| | Depreciation | 5.3 | 650,622,864 | 611,344,547 |
| | Packing material consumed | | 240,970,037 | 207,243,833 |
| | Stores and spares consumed | | 293,302,707 | 225,502,899 |
| | Repairs and maintenance | | 16,553,447 | 46,879,636 |
| | Insurance | | 20,762,501 | 19,500,106 |
| | Others | | 7,199,552 | 5,368,671 |
| | | | 18,105,712,249 | 17,748,669,007 |
| | Work in process | | | |
| | Opening stock | | 109,973,699 | 79,556,007 |
| | Closing stock | | (120,000,081) | (109,973,699) |
| | | | (10,026,382) | (30,417,692) |
| | Cost of goods manufactured | | 18,095,685,867 | 17,718,251,315 |
| | Finished goods | | | |
| | Opening stock | | 270,852,000 | 510,155,251 |
| | Purchase of finished goods | | 19,556,295 | 586,707,500 |
| | Closing stock | | (632,053,600) | (270,852,000) |
| | | | (341,645,305) | 826,010,751 |
| | | | 17,754,040,561 | 18,544,262,065 |

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| **27.1** | Raw material consumed | | ------------- **Rupees** | ----------- |
| | Opening stock | | **768,323,885** | 1,641,158,805 |
| | Purchases including purchase expenses | | **16,733,140,385** | 13,415,057,812 |
| | | | **17,501,464,270** | 15,056,216,617 |
| | Closing stock | | **(2,955,173,389)** | (768,323,885) |
| | | | **14,546,290,881** | 14,287,892,732 |

**27.2** It includes Rs.44.189 million (2024: Rs. 26.96 million) in respect of staff retirement benefits - gratuity.

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| **28.** | DISTRIBUTION COST | | | |
| | Export development surcharge | | **6,758,522** | 15,587,876 |
| | Ocean freight | | **19,744,730** | 38,459,847 |
| | Forwarding expenses | | **16,086,817** | 32,712,935 |
| | Local freight | | **37,013,942** | 45,880,821 |
| | Fuel expense | | **58,594,353** | 66,661,527 |
| | Others | | **2,070,139** | 1,208,908 |
| | | | **140,268,503** | 200,511,914 |
| **29.** | ADMINISTRATIVE EXPENSES | | | |
| | Salaries, wages and benefits | 29.1 | **108,571,723** | 90,484,432 |
| | Directors' remuneration | 38 | **104,028,273** | 79,444,970 |
| | Depreciation | 5.3 | **42,731,461** | 24,785,902 |
| | Vehicle running and maintenance | | **39,437,786** | 31,655,223 |
| | Travelling and conveyance | | **4,432,718** | 14,697,927 |
| | Postage, telephone and fax | | **5,547,931** | 5,767,204 |
| | Electricity, gas and fuel | | **5,350,904** | 4,235,439 |
| | Printing and stationery | | **3,623,908** | 5,512,294 |
| | Auditors' remuneration | 29.2 | **2,220,000** | 2,220,000 |
| | Rent, rates and taxes | | **7,849,997** | 7,830,170 |
| | Donations | 29.3 | **2,236,600** | 2,163,000 |
| | Insurance | | **5,007,306** | 5,803,355 |
| | Fees, subscription and periodicals | | **8,773,322** | 7,896,624 |
| | Entertainment | | **2,523,394** | 5,292,818 |
| | Repairs and maintenance | | **12,737,942** | 14,390,885 |
| | Legal and professional charges | | **1,020,500** | 1,533,192 |
| | Others | | **5,159,310** | 7,688,860 |
| | | | **361,253,075** | 311,402,295 |

**29.1** It includes Rs. 9.8 million (2023: Rs. 6 million) in respect of staff retirement benefits - gratuity.

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| **29.2** | Auditors' remuneration | | | |
| | Statutory audit fee | | **1,370,000** | 1,370,000 |
| | Consolidation fee | | **300,000** | 300,000 |
| | Review report on compliance with COCG | | **100,000** | 100,000 |
| | Half year review | | **250,000** | 250,000 |
| | Certificate for CDC and free float shares | | **200,000** | 200,000 |
| | | | **2,220,000** | 2,220,000 |

**29.3** No donation exceeding Rs. 500,000 has been given to any donee and none of the directors or their spouses have any interest in the donee's fund.

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| **30.** | OTHER EXPENSES | | | |
| | Workers' Profit Participation Fund | 21.6 | **16,642,234** | 26,730,277 |
| | Workers' welfare fund | | **6,656,893** | 10,692,111 |
| | Exchange loss on foreign currency Loan | | **49,111,563** | - |
| | Allowance for expected credit losses | | **24,710,577** | 14,233,361 |
| | | | **97,121,267** | 51,655,749 |

| | | Note | 2025 | 2024 |
|---|---|---|---|---|
| | | | ------------- Rupees ----------- | |
| **31.** | **FINANCE COST** | | | |
| | Interest / mark up on: | | | |
| | Long term financing | | **424,675,790** | 539,044,907 |
| | Short term borrowings | | **599,768,482** | 446,873,258 |
| | Bank charges and commission | | **36,328,112** | 37,131,308 |
| | | | **1,060,772,384** | 1,023,049,473 |
| **32.** | **OTHER INCOME** | | | |
| | Income from financial assets | | | |
| | Unrealized gain on remeasurement of short term investments | | **217,246,975** | 201,327,771 |
| | Realized Gain on disposal of short term investments | | **694,262** | 2,170,763 |
| | Exchange gain on export | | **20,362,012** | 116,797,598 |
| | Exchange gain on foreign currency Loan | | - | 83,444,903 |
| | Interest / profit on bank deposits | | **182,040,595** | 1,465,822 |
| | Interest income on TFCs | 33.1 | - | 23,639,534 |
| | Dividend income | | **27,231,717** | 27,998,287 |
| | Amortization of deferred grant | 21.2 | **10,044,687** | 6,004,870 |
| | Agriculture Income | | - | 211,769 |
| | Income from non financial assets | | | |
| | Gain on sale of property, plant and equipment | | **6,731,722** | 2,125,986 |
| | Rental income | | **480,000** | 432,000 |
| | | | **464,831,970** | 465,619,303 |

**32.1** This amount includes interest income of Rs. 164.55 million earned from Pakistan Investment Bonds (PIBs) acquired for the period from November 07, 2024 to February 6, 2025.

| | | | 2025 | 2024 |
|---|---|---|---|---|
| **33.** | **FINAL TAXES** | | | |
| | Final taxes on: | | | |
| | Prior year | | - | (1,325,666) |
| | | | - | (1,325,666) |
| **34.** | **REVENUE TAXES** | | | |
| | Minimum taxes | | **221,939,072** | 254,899,826 |
| | Prior year | | **(71,284,788)** | - |
| | | | **150,654,284** | 254,899,826 |

**34.1** This represents provision for minimum tax under sections 113 of the Income Tax Ordinance, 2001. The provision for minimum tax has been recognised as levy in these financial statements as per the requirements of IFRIC 21 / IAS 37 and guide on IAS 12 issued by ICAP.

| | | | 2025 | 2024 |
|---|---|---|---|---|
| **35.** | **TAXATION** | | | |
| | Current year: | | | |
| | For the year | | **24,132,773** | 4,783,410 |
| | Prior | | **69,600,665** | 2,258,715 |
| | Deferred tax | 20.1.1 | **(11,627,582)** | 45,871,299 |
| | | | **82,105,856** | 52,913,424 |
| **36.** | **Relationship between tax expense and accounting profit** | | | |
| | Profit before final taxes,revenue taxes and income tax | | **308,532,089** | 483,626,263 |
| | Tax calculated at appliacble rate of 29% (2024: 29%) | | **89,474,306** | 140,251,616 |
| | Tax effect on lower rate tax income | | **(3,969,400)** | (4,290,050) |
| | Effect of change in deferred tax rate | | - | 45,633,079 |
| | Prior year adjustment | | **(1,684,123)** | 933,049 |
| | Others | | **(1,714,927)** | 129,614,270 |
| | | | **82,105,856** | 52,913,424 |

| | | | 2025 | 2024 |
|---|---|---|---|---|
| **37.** | EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES) | | ---------- Rupees ---------- | |
| | Profit after tax | Rupees | 75,771,949 | 177,138,679 |
| | Weighted average number of ordinary | Numbers | 20,700,000 | 20,700,000 |
| | Earnings per share - basic and diluted | Rupees | 3.66 | 8.56 |

**37.1** There is no dilutive effect on the basic earnings per share of the Group.

**38.** REMUNERATION TO CHIEF EXECUTIVE AND DIRECTOR

| | Chief executive | Director | Executives |
|---|---|---|---|
| 2025 | ---------- | Rupees | ---------- |
| Remuneration | 30,000,000 | 21,000,000 | 34,920,000 |
| Housing and utilities | 7,397,325 | 3,300,192 | - |
| Medical reimbursement | 1,502,342 | 875,100 | - |
| Conveyance - cars | 1,653,313 | 972,107 | 10,591,651 |
| Special allowance | 16,500,000 | 14,671,047 | 5,820,000 |
| Leave encashment | 5,333,333 | 2,240,000 | 3,104,000 |
| | 62,386,313 | 43,058,446 | 54,435,651 |
| Number of persons | 1 | 1 | 14 |

| | Chief executive | Director | Executives |
|---|---|---|---|
| | ---------- | Rupees | ---------- |
| 2024 | | | |
| Remuneration | 30,000,000 | 10,009,604 | 30,358,800 |
| Housing and utilities | 13,384,404 | 158,335 | - |
| Medical reimbursement | - | 305,036 | - |
| Conveyance - cars | 1,329,505 | 209,897 | 9,415,133 |
| Special allowance | 20,308,189 | 3,740,000 | 5,069,800 |
| Leave encashment | - | - | 2,698,560 |
| | 65,022,098 | 14,422,872 | 47,542,293 |
| Number of persons | 1 | 1 | 14 |

**38.1** In addition, the Chief Executive and certain executives are provided with free transport subject to certain specified limits for petrol consumption, residential telephone / mobile facilities for both business and personal use and free medical facilities.

**39. FINANCIAL INSTRUMENTS**

**39.1** The Group has exposure to the following risks from its use of financial instruments:
Credit risk
Liquidity risk
Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statement.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

**39.2 Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from long term deposits, trade debts, short term investments, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at at the reporting date was:

| | 2025 | 2024 |
|---|---|---|
| | Rupees | |
| Trade debts | **4,441,878,054** | 3,068,459,274 |
| Long term deposits | **7,000,950** | 7,011,240 |
| Trade deposits and other receivables | **188,038,002** | 34,765,901 |
| Short term investments | **109,331,963** | 113,568,627 |
| Bank balances | **78,244,150** | 83,923,459 |
| | **4,824,493,119** | 3,307,728,501 |

The Group's credit risk exposures are categorized under the following headings:

Counterparties

The Group conducts transactions with the following major counterparties:

Trade debts
Public sectors
Banks and other financial institutions
Mutual Funds

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

**39.2.1 Credit risk related to trade debtors**

Trade debts are essentially due from local and foreign customers against sale of yarn and waste material and the Group does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed subject to established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit.
Trade debts are generally on 60 to 90 days credit terms.

Impairment losses

The aging of trade debts at the reporting date was:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Gross | Impairment | Gross | Impairment |
| | Rupees | | | |
| Not yet due | **3,027,886,501** | **-** | 2,693,037,565 | - |
| Past due for: | | | | |
| - more than 3 months but less than 1 year | **648,630,579** | **6,665,314** | 19,104,152 | 17,138,646 |
| - more than 1 year but less than 2 years | **1,868,721** | **934,361** | - | - |
| - more than 2 years | **34,249,549** | **34,249,548** | - | - |
| | **3,712,635,350** | **41,849,223** | 2,712,141,717 | 17,138,646 |

Concentration of credit risk

Trade debts consist of a large number of diversified customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable where appropriate. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

### 39.2.2 Credit risk related to banks and other financial institutions

Credit risk on balances with banks is managed by management in accordance with the Group's policy. Excess funds are placed in deposits with reputable banks and financial institutions.

| Bank Name | Rating Agency | Long term Loans | Short Term Loans |
|---|---|---|---|
| The Bank of Punjab | PACRA | AA+ | A1+ |
| Askari Bank Limited | PACRA | AA+ | A1+ |
| Allied Bank Limited | PACRA | AAA | A1+ |
| BankIslami Pakistan Limited | PACRA | AA- | A1 |
| Bank Alfalah Limited | PACRA | AAA | A1+ |
| Bank Al Habib Limited | PACRA | AAA | A1+ |
| Faysal Bank Limited | PACRA | AA | A1+ |
| Meezan Bank Limited | VIS | AAA | A1+ |
| Habib Bank Limited | PACRA | AAA | A1+ |
| Soneri Bank Limited | PACRA | AA- | A1+ |
| Habib Metropolitan Bank Limited | PACRA | AA+ | A1+ |
| United Bank Limited | VIS | AAA | A1+ |
| National Bank of Pakistan | PACRA | AAA | A1+ |
| MCB Bank Limited | PACRA | AAA | A1+ |

### 39.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

#### 39.3.1 Liquidity risk table

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

| Particulars | 1 - 3 months | 3 months - 1 years | 1 - 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Long term financing | **52,727,706** | **425,545,033** | **2,096,556,652** | **403,770,615** | **2,978,600,006** |
| Short term borrowings | - | **5,474,378,533** | - | - | **5,474,378,533** |
| Trade and other payables | - | **735,614,476** | - | - | **735,614,476** |
| Accrued mark up | **219,598,634** | - | - | - | **219,598,634** |
| Unclaimed dividend | **22,523,062** | - | - | - | **22,523,062** |
| 2025 | **294,849,402** | **6,635,538,042** | **2,096,556,652** | **403,770,615** | **9,430,714,711** |
| Long term financing | 36,432,925 | 187,511,921 | 2,264,228,821 | 513,742,446 | 3,001,916,113 |
| Short term borrowings | - | 2,285,390,105 | - | - | 2,285,390,105 |
| Trade and other payables | - | 633,621,857 | - | - | 633,621,857 |
| Accrued mark up | 175,788,524 | - | - | - | 175,788,524 |
| Unclaimed dividend | 22,523,062 | - | - | - | 22,523,062 |
| 2024 | 234,744,511 | 3,106,523,883 | 2,264,228,821 | 513,742,446 | 6,119,239,661 |

| | 2025 | 2024 |
|---|---|---|
| | Rupees | |
| Off Statement of financial position items | | |
| Letters of credit | **695,142,680** | 757,514,013 |
| Bank guarantees | **636,481,302** | 491,481,302 |
| Off Statement of financial position gap | **1,331,623,982** | 1,248,995,315 |

**39.4 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

**39.4.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates.

**Exposure to currency risk**

The Group is exposed to currency risk on trade debts which are denominated in currency other than the functional currency of the Group. The Company's exposure to foreign currency risk is as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Rupees | US Dollar | Rupees | US Dollar |
| Trade debts | 771,091,927 | 2,717,409 | 373,456,203 | 1,341,727 |
| | 771,091,927 | 2,717,409 | 373,456,203 | 1,341,727 |

The following US Dollar exchange rates were applied during the year:

| | 2025 | 2024 |
|---|---|---|
| | Rupees | |
| **Average rate** | **281.05** | 278.84 |
| Statement of financial position rate | **283.76** | 278.34 |

**Sensitivity analysis - foreign currency**

At June 30, 2025, if the Rupee had weakened / strengthened by 10% (2024: 10%) against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 77.10 million (2024: Rs. 37.35 million), as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is less sensitive to movement in Rupee / foreign currency exchange rates in 2025 than 2024 because of high recovery from export debtors.

**39.4.2 Interest rate risk**

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will effect the value of financial instruments. The Group has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / mark-up rates, therefore the Group has to manage the related finance cost which exposes it to the risk of 3 month and 6 month KIBOR. Since the impact on interest rate exposure is significant to the Group, management is considering the alternative arrangement to manage interest rate exposure in future.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Effective Interest Rate | Rupees | Effective Interest Rate | Rupees |
| Fixed rate instruments | | | | |
| Financial assets: | | | | |
| - Saving accounts | **9.5% - 22%** | **40,444** | 15.24% - 18.53% | 36,941 |
| - Term deposit receipts | | **5,000,000** | | 5,000,000 |
| - Term finance certificate | **9.37% - 15.25%** | **100,000,000** | 21.76% - 23.81% | 100,000,000 |
| Variable rate instruments | | | | |
| Financial liabilities: | | | | |
| - Long term financing | **2.5% - 23.66%** | **2,978,600,006** | 2.5% - 23.72% | 3,001,916,113 |
| - Short term borrowings | **4.65% - 21.64%** | **5,474,378,533** | 4% - 23.63% | 2,285,390,105 |
| | | **8,558,018,983** | | 5,392,343,159 |

**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..

**Sensitivity analysis - interest rate**

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit / loss for the year ended June 30, 2025 would decrease / increase by Rs. 85.58 million (2024: Rs. 52.87 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate financial instruments.

**39.4.3 Other price risk**

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to 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 instruments traded in the market. The Group is not materially exposed to other price risk on financial assets and liabilities.

**39.4.4 Equity share price risk**

The Company is also exposed to the equity price risk arising from the fluctuations due to change in fair value of those equity instruments. At the reporting date, the exposure to equity securities at fair value was Rs. 643.07 million (2024: 421.04 million)

**Sensitivity analysis - Equity share price risk**

A 1% increase / decrease in share prices at year end would have increased / decreased profit for the year as follows:

| | 2025 | 2024 |
|---|---|---|
| | Rupees | |
| Effect on profit or loss | 6,430,708 | 4,210,415 |

**39.5 Fair values**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the consolidated financial statement approximate their fair values.

**39.5.1 Fair value hierarchy**

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments and non financial assets.

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. drive from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs)

The Group does not have any other financial instruments to be classified here other than "Short term investments" as disclosed in note 12, that are classified in level 1 and level 2 as per hierarchy stated above

The Group follows the revaluation model for its free hold land, building on free hold land, plant and machinery and electirc installations. The fair value measurement as at June 30, 2025 was performed by MYK Associates (Private) Limited & Joseph Lobo (Private) Limited. MYK Associates (Private) Limited & Joseph Lobo (Private) Limited both are on panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on the panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value of the assets was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In estimating the fair value of free hold land, building on free hold land, plant and machinery and electric installations, the highest and best use of these assets in their current use.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of these properties, therefore, management believes that the carrying value of these non financial assets approximate its fair market value.

Short term investments include quoted equity shares, mutual funds, term finance certificate and term deposit receipt. The equity share and funds are valued at each reporting date at their fair value by using the prevailing quoted prices of shares on Pakistan Stock Exchange Limited. Term finance certificate and term deposit receipt are valued at amortized cost.

| June 30, 2025 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | Rupees | | |
| Short term investments | 643,070,802 | - | - | 643,070,802 |
| Free hold land | - | 1,500,670,000 | - | 1,500,670,000 |
| Building on free hold land | - | 1,539,223,935 | - | 1,539,223,935 |
| Plant and machinery | - | 4,574,970,001 | - | 4,574,970,001 |
| Electric installations | - | 735,300,000 | - | 735,300,000 |
| Total | 643,070,802 | 8,350,163,936 | - | 8,993,234,738 |

| June 30, 2024 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | Rupees | | |
| Short term investments | 429,610,156 | - | - | - |
| Free hold land | - | 1,161,382,055 | - | 1,161,382,055 |
| Building on free hold land | - | 1,660,367,066 | - | 1,660,367,066 |
| Plant and machinery | - | 4,154,082,883 | - | 4,154,082,883 |
| Total | 429,610,156 | 6,975,832,004 | - | 6,975,832,004 |

There were no transfers between levels of fair value hierarchy during the period.

### 39.6 Financial instruments by category

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an approximate mix between various sources of finance to minimize risk.

The accounting policies for financial instruments have been applied for line items as below:

| | 2025 | 2024 |
|---|---|---|
| Assets carried at fair value | ---------- Rupees ---------- | |
| Carrying value of investments at fair value through profit or loss | **647,402,765** | 429,610,156 |
| | **647,402,765** | 429,610,156 |
| Assets categorized at amortized cost | | |
| Trade debts | **4,441,878,054** | 3,068,459,274 |
| Loan and advances | **34,979,915** | 36,168,661 |
| Long term deposits | **7,000,950** | 7,011,240 |
| Other financial assets | **105,000,000** | 105,000,000 |
| Trade deposits and other receivables | **188,038,002** | 34,765,901 |
| Cash and bank balances | **78,775,361** | 84,005,929 |
| | **4,855,672,282** | 3,335,411,005 |
| Liabilities carried at amortized cost | | |
| Trade and other payables | **529,320,857** | 633,621,857 |
| Long term financing | **2,978,600,006** | 3,001,916,113 |
| Short term borrowings | **5,474,378,533** | 2,285,390,105 |
| Unclaimed dividend | **22,523,062** | 22,523,062 |
| Accrued mark up | **219,598,634** | 175,788,524 |
| | **9,224,421,092** | 6,119,239,661 |

## 40. CAPITAL MANAGEMENT

The Group objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Capital comprises all components of equity (i.e. share capital, reserves and unappropriated profit). The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The debt-to-adjusted capital ratios at June 30, were as follows:

| | 2025 | 2024 |
|---|---|---|
| | ------------- Rupees ----------- | |
| Total debt | **6,301,781,645** | 5,000,541,937 |
| Cash and cash equivalents | **2,072,421,533** | 202,758,352 |
| Net debt | **8,374,203,178** | 5,203,300,289 |
| Total equity | **9,200,507,541** | 8,209,037,362 |
| Adjusted capital | **17,574,710,719** | 13,412,337,651 |
| Debt-to-adjusted capital ratio | **47.65%** | 38.79% |

41. **TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated undertakings, other related group companies, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under trade debts and trade and other payable (note 9.1, 21.1) and remuneration of Chief Executive, director and excutives (note 37). Indus Home Limited and Indus Dyeing & Manufacturing Co. Limited is associated undertaking based on common directorship. Other significant transactions with related parties are as follows:

| Transactions with associated undertakings (due to common directorship) | 2025 | 2024 |
|---|---|---|
| **Indus Dyeing & Manufacturing Company Limited** | ------------- Rupees | ---------- |
| Sale of goods and services | **5,252,420** | 5,364,799 |
| Purchase of goods and services | **868,218,953** | 792,813,792 |
| **Indus Home Limited** | | |
| Sale of goods and services | **391,213,602** | 247,639,714 |
| **Indus Lyallpur Limited** | | |
| Purchase of goods and services | **9,000,675** | 18,529,865 |

All transactions with related parties have been carried out on agreed terms and conditions duly approved by the board of directors.

42. **DISCLOSURE REQUIREMENT FOR COMPANIES NOT ENGAGED IN SHARIAH NON-PERMISSBILE BUSINESS ACTIVITIES**

Following information has been disclosed as required under amended part I clause VII of Fourth Schedule to the Companies Act, 2017 as amended via S.R.O.1278 (I) / 2024 dated August 15, 2024:

**STATEMENT OF FINANCIAL POSITION**

| | | 2025 | 2024 |
|---|---|---|---|
| **Liabilities** | **Note** | ------------- Rupees | ---------- |
| Short term borrowings as per islamic mode | 24 | **964,413,690** | - |
| Interest or mark-up accrued on conventional loans | 23 | **191,139,673** | 164,046,373 |
| **Assets** | | | |
| Shariah compliant short term investment | 13 | **88,946,523** | 78,579,564 |
| Shariah compliant bank balances | 15 | **21,729,600** | 15,201,899 |
| **STATEMENT OF PROFIT OR LOSS** | | | |
| Revenue from contracts with customers | 27 | **19,257,155,909** | 20,148,888,456 |
| Profit paid on islamic mode of financing | 32 | **67,607,094** | 65,026,079 |
| **Dividend Income** | | | |
| Shariah compliant | 33 | - | - |
| Shariah non-compliant | 33 | **27,231,716** | 27,604,610 |
| **Exchange gain on export** | | | |
| Shariah compliant | 33 | **20,362,012** | 116,797,598 |
| Shariah non-compliant | 33 | - | - |
| **Interest income** | | | |
| Shariah compliant | 33 | - | - |
| Shariah non-compliant | 33 | **182,040,595** | 25,105,356 |
| **Exchange gain on foreign currency Loan** | | | |
| Shariah compliant | 33 | - | - |
| Shariah non-compliant | 33 | - | 83,444,903 |
| **Unrealized gain on remeasurement of short term investments** | | | |
| Shariah compliant | 33 | **16,931,383** | 16,233,562 |
| Shariah non-compliant | 33 | **200,315,593** | 185,094,209 |

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | ------------ Rupees ---------- | |
| **Realized Gain on disposal of short term investments** | | | |
| Shariah compliant | 33 | - | - |
| Shariah non-compliant | 33 | **694,262** | 2,170,763 |
| **Other income - Other** | | | |
| Shariah compliant | 33 | **6,731,722** | 2,125,985 |
| Shariah non-compliant | 33 | **10,524,687** | 6,004,870 |

**Relationship with Shariah-compliant financial institutions:**

The Company has relationships with shariah compliant banks in respect of bank balances and availed borrowing facilities as mentioned above.

## 43. PLANT CAPACITY AND PRODUCTION

| | | |
|---|---|---|
| Number of spindles installed | **34,896** | 34,896 |
| Number of spindles worked | **32,550** | 34,550 |
| Number of rooters installed | **6,000** | 6,000 |
| Number of rooters worked | **5,951** | 5,355 |
| Number of shifts / day | **3** | 3 |
| Installed capacity after conversion into 20/s count Kgs | **21,022,080** | 21,079,674 |
| Actual production of yarn after conversion into 20/s count Kgs | **18,826,329** | 18,407,920 |

**Reasons for shortfall**

It is difficult to describe precisely the production capacity in spinning unit since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed and twist etc. It also varies according to the pattern of production adopted in a particular year.

## 44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | 2024 | Cash flow | 2025 |
|---|---|---|---|
| | Rupees | Rupees | Rupees |
| Long term finances | **3,001,916,113** | **(23,316,107)** | **2,978,600,006** |
| Short term borrowings | **2,285,390,105** | **3,188,988,428** | **5,474,378,533** |
| Dividend | **22,523,062** | **-** | **22,523,062** |
| | **5,309,829,280** | **3,165,672,321** | **8,475,501,601** |

## 45. SEGMENT REPORTING

The Group's core business is manufacturing and sale of yarn and it generates more than 90% of its revenue and profit from the production and sale of yarn. Decision making process is centralized at head office led by Chief Executive who is continuously involved in day to day operations and regularly reviews operating results and assesses its performance and makes necessary decisions about resources to be allocated to the segments. Currently it has one yarn manufacturing unit. Owing to the similarity in nature of the products and services, nature of the production processes, type or class of customers for the products and services, the methods used to distribute the products, the nature of the regulatory environment all the yarn producing units are aggregated into a single operating segment and the Company's performance is evaluated by the management on an overall basis, therefor these operational segments by locations are not separately reportable segments

## 46. NUMBER OF EMPLOYEES

The total number of employees at the year end and average number of employees during year are as follows:

| | 2025 | 2024 |
|---|---|---|
| Total number of employees as at June 30 | **874** | 960 |
| Average number of employees during the year | **948** | 971 |

## 47. CORRESPONDING FIGURES

The preparation and presentation of these unconsolidated financial statement for the year ended June 30, 2025 is in accordance with the requirements of IFRSs.

## 48. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statement were authorized for issue on October 06,2025 by the Board of Directors of the Group.

## 49. GENERAL

Figures have been rounded off to the nearest Rupee, except where stated otherwise.

Shabbir Kausar
Chief Financial Officer

Kashif Riaz
Chief Executive Officer

Mian Imran Ahmed
Chairman

آڈٹ کمیٹی:-

بورڈ آف ڈائریکٹرز نے ایک مکمل باضابطہ آڈٹ کمیٹی تشکیل دی جس میں تین ممبران شامل ہیں، ایک آزاد ڈائریکٹر اور دو غیر فعال ڈائریکٹرز ہیں۔ کمیٹی کے حوالے سے شرائط شفاف، داخلی آڈٹ، اکاؤنٹنگ اور کنٹرول سسٹم، رپورٹنگ کے مناسب ڈھانچے کے ساتھ ساتھ کمپنی کے اثاثوں کی حفاظت کے لیے مناسب اقدامات کا تعین کرنے پر مشتمل ہیں۔

ممبران کی ترتیب:-

کمپنی ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس کے مطابق 30 جون 2025 کے اختتام پر ممبران کی ترتیب کے خاکے سے متعلق معلومات اس رپورٹ کے ساتھ علیحدہ سے منسلک ہے۔

اندرونی آڈٹ کنٹرول:-

بورڈ کے پاس کمپنی کے کاروبار کو چلانے کے لیے آپریشنل، مالی اور تعمیل کنٹرول کے ساتھ موثر اور مضبوط اندرونی کنٹرول سسٹم موجود ہے۔ اندرونی آڈٹ کے نتائج کا آڈٹ کمیٹی کے ذریعے جائزہ لیا جاتا ہے، اور جہاں ضروری ہو ان آڈٹ رپورٹس میں شامل سفارشات کی بنیاد پر کارروائی کی جاتی ہے۔

ویب پر موجودگی:-

کمپنی کے سالانہ اور مختلف مدت کے مالیاتی بیانات کو کمپنی کی ویب سائٹ http://indus-group.com پر موجود ہیں جہاں سے شیئر ہولڈرز اور دوسرے لوگ معلومات حاصل کر سکتے ہیں۔

اظہار تشکر:-

ادارے کے ڈائریکٹرز تمام ملازمین کی کوششوں کا اعتراف کرتے ہیں۔ اور آنے والے سالوں میں اسی طرح کے تعلقات رکھتے ہیں۔ اس کے ساتھ ساتھ کمپنی اپنے صارفین، بینکرز، ریگولیٹرز اور حصہ داروں کے مشکور ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

کاشف ریاض

چیف ایگزیکٹو آفیسر

6 اکتوبر 2025

☆ جو ستنگ قواعد و ضوابط میں بیان کیا گیا ہے اس سے انحراف نہیں کیا گیا ہے۔

☆ پچھلے چھ سالوں کے اہم آپریٹنگ اور مالیاتی اعداد و شمار بھی منسلک کیے گئے ہیں۔

☆ ٹیکس، ڈیوٹیوں اور واجب الادا لیویز کا 30 جون 2025 کے لئے جس حد تک ادا نہیں ہوا ہے ان کے بارے میں StatemenFinancial کے 30 جون 2025 میں کیا گیا ہے۔

بورڈ آف ڈائریکٹرز اور میٹنگز۔

سال کے دوران بورڈ کے اجلاس منعقد ہوئے تھے۔ ہر ڈائریکٹر کی حاضری مندرجہ ذیل ہے۔

| | بورڈ آف ڈائریکٹرز کی 4 میٹنگز | آڈٹ کمیٹی کی 4 میٹنگز | انسانی وسائل اور معاوضہ کمیٹی کی 1 میٹنگز |
|---|---|---|---|
| | حاضری | حاضری | حاضری |
| عمران احمد | 3/4 | - | - |
| کاشف ریاض | 4/4 | - | - |
| شہزاد احمد | 4/4 | - | - |
| نوید احمد | 4/4 | - | - |
| مسز فارینہ کاشف | 4/4 | - | 1/1 |
| شاہد احمد | 4/4 | 4/4 | - |
| مسز افشاں کاشف | 4/4 | - | 1/1 |
| شیخ شفقت مسعود | 4/4 | 4/4 | |
| فاروق حسین | 4/4 | - | - |
| فیصل حنیف | 4/4 | 4/4 | 1/1 |
| طارق منتخب ہوا | 4/4 | - | - |

زیر جائزہ سال کے دوران سی ای او، ڈائریکٹرز، ان کی بیوی اور بچوں کی طرف سے کمپنی کے حصص کی تجارت درج ذیل ہے۔

| نمبر شمار | نام | حصص |
|---|---|---|
| ۱ | میاں شہزاد احمد | 500,170 |
| ۲ | نوید احمد | 500,170 |
| ۳ | عرفان احمد | 500,165 |
| ۴ | عمران احمد | 500,170 |

ڈائریکٹرز کے مشاہرے۔

کمپنی ڈائریکٹرز (فعال اور غیر فعال) کے مشاہروں کے بارے میں کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے منظور شدہ پالیسی پر عمل درآمد کیا جاتا ہے۔ اس پالیسی کو اس طرح سے تیار کیا گیا ہے کہ وہ انسانی وسائل کو اور بہترین انتظام و انصرام کی شفافیت کو ساتھ لے کر چلے۔ بورڈ اس بات پر یقین رکھتا ہے کہ پالیسی اس قدر پر اثر ہونی چاہیے کہ ڈائریکٹرز کو اپنی جانب راغب کر سکے اور ان کو اس بات پر آمادہ کرے کہ وہ کمپنی کے معاملات کو اپنی بہترین صلاحیتوں کے مطابق سر انجام دے سکیں۔

آڈیٹرز کا تقرر۔

آڈیٹرز میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس نے کمپنی کے ساتھ اپنی تقرری کی میعاد مکمل ہونے کے باعث اپنی خدمات کو ایک مدت کے لیے پیش کیا۔ بورڈ آف ڈائریکٹرز نے بورڈ کی آڈٹ کمیٹی کی سفارش پر اس فرم کو اگلے سال کے لیے کمپنی کے آڈیٹر کی حیثیت سے دوبارہ تقرری کے لیے تجویز کیا ہے۔

| | | |
|---|---|---|
| فکسڈ اثاثہ جات کے ری ویلیوایشن پر سرپلس سے منتقلی | 67,848 | 112,930 |
| ٹرانسفر ٹو کیپیٹل ریزرو | - | (2,500000) |
| ٹرانسفر ٹو جنرل ریزرو | - | (3,000,000) |
| آگے کیری فارورڈ غیر تقسیم شدہ منافع | 495,987 | 351,733 |
| فی حصص آمدنی | 3.66 روپے | 8.56 روپے |

ڈیویڈنڈ۔

بورڈ آف ڈائریکٹرز نے 30 جون 2025 کو ختم ہونے والے سال کے لیے کسی ڈیویڈنڈ کا اعلان نہیں کیا۔

کاروباری تجزیہ۔

آپ کی کمپنی کا اس عرصہ میں بعد از ٹیکس منافع 75.772 ملین روپے رہا جو کہ گزشتہ اس عرصہ میں 177.139 ملین تھا۔ ٹیکس کے بعد منافع میں کمی کی بنیادی وجہ ان پٹ لاگت اور مالیاتی اخراجات میں اضافہ ہے۔ اس مدت کے دوران کمپنی نے مشینری و آلات میں 330.216 ملین روپے کی سرمایہ کاری کی۔ یہ کمپنی کے معیار کو بہتر بنانے اور مینوفیکچرنگ لاگت کو کم کرنے کے منصوبے کا حصہ ہے۔ یہ سرمایہ کاری برقرار کمپنی کی آمدنی اور طویل مدتی فنانسنگ کے ذریعے کی گئی تھی۔

مستقبل کی صورتحال۔

مالیاتی پالیسیوں میں تبدیلی، افراط زر میں کمی اور بہتر ہوتی ہوئی بیرونی پوزیشن کے باعث اور چند تجارتی اقدامات کے ذریعے بحالی کے باوجود عالمی اقتصادی ماحول کے درمیان مالی سال 2026 کے دوران اسٹیٹ بینک نے جی ڈی پی کی شرح نمو کی پیش گوئی 3.1 فیصد پر برقرار رکھی جس کی وجہ ملک میں زرعی طلب کی معتدل بحالی سے ہوگی۔ ہم صورتحال کا خاص طور پر ملکی اور عالمی اجناس کی قیمتوں پر جائزہ لے رہے ہیں۔ عالمی تجارت اور سپلائی چین میں خلل اور پاکستان میں بڑھتی افراط زر کو کنٹرول کرنے اور آئی ایم ایف کے معیارات کو پورا کرنے کی کوششیں جاری ہیں۔ 2026 کے دوران مون سون کے شدید سیلاب نے زرعی پیداوار اور مویشیوں کو متاثر کیا جس سے کپاس کی سپلائی چین متاثر ہوئی۔ ٹیکسٹائل سیکٹر خاص طور پر اسپننگ کو کپاس کی قیمت اور توانائی کے نرخوں میں اضافے اور قرض لینے کے زیادہ اخراجات کی وجہ سے ان پٹ کے زیادہ اخراجات کا سامنا کرنا پڑ رہا ہے۔ درآمدی اخراجات کی وجہ سے صنعت کے مارجن کو شدید مشکلات کا سامنا ہے۔ ان مشکلات کے باوجود کمپنی لاگت کو کنٹرول کرنے، عمل کو بہتر بنانے اور سپلائی چین کی کارکردگی کو برقرار رکھنے کے اقدامات سے منافع کو محفوظ بنانے اور اسٹیک ہولڈرز کے لیے طویل مدتی قدر کی تخلیق کو یقینی بنانے کے لیے۔

کمپنی کی سماجی ذمہ داریاں۔

کمپنی نے ہمیشہ اپنے سماجی ذمہ داریوں کو تمام اصولوں اور معاشرتی طور پر کاروباری اصولوں پر ترجیح دی ہے جو ایک مسلسل عمل ہے۔ کمپنی قدرتی وسائل کے تحفظ، ماحولیات میں کمی اور ری سائیکلنگ کو بہتر بنانے، توانائی کی کارکردگی میں بہتری اور ماحولیاتی کارکردگی کو بہتر بنانے میں کوشاں ہے۔ پچھلے سال کی طرح اس سال بھی ہم نے قدرتی گیس کی کھپت اور پانی کے استعمال میں کمی کے اہداف مقرر کیے ہیں۔

ہماری طرف سے مندرجہ ذیل کوششیں کی جا رہی ہیں۔

☆ گندے پانی کی صفائی

☆ قدرتی وسائل کے تحفظ

☆ مال کے ضائع ہونے میں کمی

☆ ری سائیکلنگ میں اضافہ، توانائی کی کارکردگی میں بہتری اور ماحولیاتی کارکردگی میں اضافہ

بیلنس شیٹ بنانے کے بعد کے معاملات۔

بیلنس شیٹ کے اختتامی مراحل میں اور بیلنس شیٹ بنانے کے بعد کوئی بھی مادی یا مالیاتی معاہدہ نہیں کیا گیا جس سے بیلنس شیٹ کے اعداد و شمار میں کسی طرح کی کوئی تبدیلی واقع ہو اور وہ منفی طور پر متاثر ہو۔

متعلقہ فریقین سے لین دین۔

کارپوریٹ گورننس کی ضرورت کے مطابق کمپنی نے تمام متعلقہ پارٹی ٹرانزیکشن آڈٹ کمیٹی اور بورڈ کے سامنے جائزہ اور منظوری کے لیے پیش کیے۔

30 جون 2025 کو ختم ہونے والے سال کے لیے منسلک شدہ مالی گوشوارے نوٹ 41 میں تمام متعلقہ لین دین کی تفصیلات فراہم کی گئی ہیں۔

ڈائریکٹرز کی ذمہ داریوں کی تفصیل۔

☆ ڈائریکٹرز سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ضروریات کے مطابق کارپوریٹ اور مالی رپورٹنگ کے فریم ورک کے مطابق عمل کرتے ہیں۔

☆ کمپنی کے مالیاتی گوشوارے جو کمپنی کی انتظامیہ نے تیار کیے ہیں اس میں تمام لین دین کو منظوری کے ساتھ درج کیا گیا ہے اس کے ساتھ ساتھ نقد کی آمد و رفت کو بھی واضح کیا گیا ہے۔

☆ کمپنی کے حساب کتاب سے متعلق مناسب کھاتہ جات مناسب اعداد و شمار کے ساتھ تیار کیے گئے ہیں۔

☆ حساب داری سے متعلق تمام پالیسیوں کو کمپنی اور بین الاقوامی قوانین کے مطابق تیار کیا گیا ہے اور جہاں ضرورت محسوس کی گئی وہاں وضاحتیں بھی پیش کی گئی ہیں۔

☆ اندرونی کنٹرول کا نظام مضبوط بنیادوں پر استوار ہے جس پر عمل درآمد کیا جاتا ہے۔

# سن ریز ٹیکسٹائل ملز لمیٹڈ

## ڈائریکٹرز رپورٹ جون ۳۰، ۲۰۲۵

سن ریز ٹیکسٹائل ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز 34 ویں سالانہ اجلاس میں ۳۰ جون ۲۰۲۵ کے مالی سال کے اختتام کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے مسرت کے ساتھ پیش کرتے ہیں۔

بورڈ کی تشکیل۔

بورڈ کی تشکیل کارپوریٹ گورننس کے ضابطہ اخلاق 2017 کے تقاضوں کے مطابق درج ذیل ہے۔

ڈائریکٹرز کی کل تعداد۔

| | | |
|---|---|---|
| الف۔ | مرد | 8 |
| ب۔ | خواتین | 3 |

تشکیل۔

| | | |
|---|---|---|
| i۔ | ایگزیکٹو ڈائریکٹر | 1 |
| ii۔ | آزاد ڈائریکٹرز | 3 |
| iii۔ | نان ایگزیکٹو ڈائریکٹرز | 7 |

| نام | کیٹیگری |
|---|---|
| [illegible]<br>مسز [illegible]<br>[illegible] | آزاد ڈائریکٹرز |
| کاشف ریاض | ایگزیکٹو ڈائریکٹر |
| میاں نوید احمد<br>میاں حمزہ احمد<br>میاں عمران احمد<br>مسز فوزیہ کاشف<br>[illegible] احمد<br>مسز [illegible] کاشف<br>شیخ [illegible] مسعود | نان ایگزیکٹو ڈائریکٹرز |
| مسز [illegible]<br>مسز فوزیہ کاشف<br>مسز [illegible] کاشف | [illegible] ڈائریکٹرز |

مالیاتی کارکردگی۔

آپ کی کمپنی کی کل [illegible] سال ۲۰۲۵ کے اختتام پر 308.532 ملین روپے رہی۔

| | 2025<br>000 روپے | 2024<br>000 روپے |
|---|---|---|
| کل [illegible] | 308,532 | 483,626 |
| ٹیکس | (232,760) | (306,487) |
| بعد [illegible] | 75,772 | 177,139 |
| دیگر | 634 | 11,164 |
| [illegible] منافع | 428,139 | 5,738,803 |
| منافع برائے تقسیم | 428,139 | 5,738,803 |

# سن ریز ٹیکسٹائل ملز لمیٹڈ

## جون ۳۰، ۲۰۲۵ - چیئرمین رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے مجھے 30 جون 2025 کو ختم ہونے والے مالی سال کے لیے کمپنی کے سالانہ نتائج پیش کرتے ہوئے خوشی ہو رہی ہے۔ میں آپ کو کمپنی کی 34 ویں سالانہ جنرل میٹنگ میں شرکت کے لیے خوش دلی سے مدعو کرنے کے لیے اس موقع کا فائدہ اٹھاتا ہوں۔

**بورڈ کی کارکردگی کا جائزہ:۔**

پورے سال کے دوران بورڈ آف ڈائریکٹرز نے انتظامیہ اور چیف ایگزیکٹو کو اسٹریٹجک نگرانی فراہم کرنے کے لیے ہم آہنگی سے کام کیا اور کارپوریٹ گورننس کو جوابدہی اور طویل مدتی قدر کی تخلیق کے سنگ بنیاد کے طور پر اپنی وابستگی کا مظاہرہ کیا۔

آڈٹ کمیٹی کی فعال شمولیت کے ساتھ اندرونی کنٹرول کے فریم ورک کا ایک جامع جائزہ لیا گیا۔ بورڈ ان کنٹرولز کی مضبوطی اور تاثیر سے مطمئن ہے اور ان کی مسلسل بہتری اور فعال مصروفیت کے لیے وقف ہے۔ سالانہ خود تشخیصی مشق نے مزید اس بات کی تصدیق کی کہ بورڈ موثر طریقے سے کام کرتا رہتا ہے، دانشمندانہ رہنمائی فراہم کرتا ہے اور حکمرانی کے اعلیٰ ترین معیارات کو برقرار رکھتا ہے۔

بورڈ نے ماحولیاتی، سماجی اور گورننس ( ESG ) سے متعلقہ خطرات اور مواقع کی قریب سے نگرانی کرتے ہوئے پائیدار ترقی پر مضبوط توجہ مرکوز رکھی۔ قابل تجدید توانائی میں اسٹریٹجک سرمایہ کاری خصوصاً پاکستان کے لیے پائیدار قدر پیدا کرنے کے لیے ہمارے عزم کو واضح کرتی ہے جبکہ ہمارے مضبوط کارپوریٹ سماجی ذمہ داری کے اقدامات کمیونٹی کی ترقی اور ملازمین کی فلاح و بہبود کے لیے ہمارے عزم کی عکاسی کرتے ہیں۔

**کمپنی کی کارکردگی کا جائزہ:۔**

زیر جائزہ سال حوصلہ افزا میکرو اکنامک اشاروں کی عکاسی کرتا ہے۔ تاہم مجموعی طور پر کاروباری ماحول خاص طور پر اسپننگ سیگمنٹ کے لیے دباؤ میں رہا۔ بڑھتی ہوئی آپریشنل لاگتیں، بجلی کے اضافی چارجز، غیر معیاری ڈومیسٹک کپاس کی محدود دستیابی اور زیادہ قیمت اور ڈیوٹی فری درآمدی دھاگے کی تیز مسابقت نے مقامی صنعت کاروں پر دباؤ ڈالنا جاری رکھا۔ ان خرابیوں کے باوجود کمپنی نے ہمارے کاموں کی لچک، بورڈ کی اسٹریٹجک رہنمائی کی درستگی اور ہماری انتظامی ٹیم کی غیر متزلزل عزم کو ظاہر کرتے ہوئے اپنے ریونیو بیس کا کافی حصہ برقرار رکھا۔

بورڈ کی جانب سے میں اپنے شیئر ہولڈرز، صارفین، کاروباری شراکت داروں، ملازمین اور بورڈ کے ساتھی ممبران کی تہہ دل سے تعریف کرتا ہوں۔ آپ کی مستقل حمایت اور عزم ہماری کامیابیوں کی بنیاد رہے ہیں۔ ایک ساتھ مل کر ہم اس بنیاد کو استوار کرنے کے منتظر ہیں کیونکہ ہم پائیدار ترقی کی پیروی کرتے ہیں اور اپنے تمام اسٹیک ہولڈرز کے لیے پائیدار قدر فراہم کرتے ہیں۔

چیئرمین

**میاں عمران احمد**

06 اکتوبر 2025

# PROXY FORM
# ANNUAL GENERAL MEETING

Shareholder's Folio No----------------------Number of shares held------------------------------I / We.--------------------------------------------------------Of (full address)------------------------------------------------------------------------------------------------------ being a member of **SUNRAYS TEXTILE MILLS LIMITED** hereby appoint.

Mr. / Mrs. / Ms.---------------------------------------------------of (full address)------------------------------------------------------------------------------or failing him/her/ Mr. / Ms.----------------------------------of (full address)--------------------------------------------------------------------------------------------

as my / our proxy in my/our absence to attend and vote for me/us on my/our behalf at the **Annual General Meeting** of the Company to be held on 28th day of October, 2025 at 02:00 p.m. plot # 3 &7, Sector-25 Korangi industrial Area, Karachi and at any adjourned meeting thereof.

| WITNESSES | |
|---|---|
| WITNESS # 1 | WITNESS # 2 |
| SIGNATURE | SIGNATURE |
| | |
| NAME<br>CNIC # | NAME<br>CNIC# |

| Signature on<br>Rs. 5/-<br>Revenue Stamp |
|---|

1. Proxies in order to be effective, must be received at the Company's Registered Office/ Shares Registrar not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.
2. CDC shareholders and their proxies are requested to attach an attested photocopy of their CNIC or passport with this proxy form before submission to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary
SUNRAYS TEXTILE MILLS LIMITED
5th Floor 508 Beaumont Plaza Beaumont Road
Civil Lines Qtrs Karachi

# PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS OF SUNRAYS TEXTILE MILLS LIMITED

# June 30, 2025

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS
OF SUNRAYS TEXTILE MILLS LIMITED
June 30, 2025

| No. of Shareholders | Shareholding From | Shareholding To | Total Shares Held | Percentage of Total Capital |
|---|---|---|---|---|
| 968 | 1 | 100 | 34,889 | 0.17 |
| 154 | 101 | 500 | 84,500 | 0.41 |
| 488 | 501 | 1,000 | 427,500 | 2.07 |
| 216 | 1,001 | 5,000 | 386,500 | 1.87 |
| 26 | 5,001 | 15,000 | 183,728 | 0.89 |
| 3 | 15,501 | 30,000 | 56,270 | 0.27 |
| 5 | 35,001 | 150,000 | 394,775 | 1.91 |
| 7 | 205,001 | 1,050,000 | 4,288,244 | 20.71 |
| 4 | 1,155,001 | 2,090,000 | 5,630,302 | 27.20 |
| 2 | 2,095,001 | 2,450,000 | 4,356,519 | 21.05 |
| 2 | 2,410,001 | 2,450,000 | 4,858,969 | 23.47 |
| 2,035 | | | 20,700,000 | 100.00 |

## CATEGORIES OF SHAREHOLDERS

As at June 30, 2025

| Shareholders | No. of Shareholders | Shares Held | Percentage |
|---|---|---|---|
| Individuals | 2,004 | 7,256,347 | 35.05 |
| Associated Companies | 1 | 205,962 | 0.99 |
| Financial Institutions | 1 | 72,270 | 0.35 |
| Insurance Companies | 1 | 120,582 | 0.58 |
| Mutual Fund | 2 | 1,053,976 | 5.08 |
| Joint Stock Companies | 11 | 26,912 | 0.13 |
| Directors, CEO their Spouses & Minor Children | 15 | 11,973,951 | 57.85 |
| | 2,035 | 20,700,000 | 100 |

## DETAIL OF CATEGORIES OF SHAREHOLDERS

As at June 30, 2025

| Name | Number of Shareholders | Shares Held | |
|---|---|---|---|
| **INDIVIDUALS** | 2,004 | | 7,256,347 |
| **ASSOCIATED COMPANIES** | 1 | | |
| M/s. Indus Dyeing & Manufacturing Company Limited | | 205,962 | |
| | | | 205,962 |
| **FINANCIAL INSTITUTIONS** | 1 | | |
| National Bank of Pakistan (Treasury OPS DIV) | | 72,270 | |
| | | | 72,270 |
| **JOINT STOCK COMPANIES** | 11 | | |
| TREET CORPORATION LIMITED | | 18,076 | |
| Y.S. SECURITIES & SERVICES (PVT) LTD | | 2,300 | |
| S.H. BUKHARI SECURITIES (PVT) LTD | | 1,200 | |
| MF CAPITAL (PVT) LIMITED | | 2 | |
| MAPLE LEAF CAPITAL LIMITED | | 3 | |
| MSMANIAR FINANCIALS (PVT) LTD | | 300 | |
| FIKREES (PVT) LIMITED | | 4,500 | |
| BLACK STONE EQUITIES (PVT) LTD | | 30 | |
| M/S AZEEM SERVICES (PVT) LTD | | 54 | |
| HABIB & SONS LIMITED (SP) | | 24 | |
| M/S FIRST CAPITAL EQUITIES LTD | | 22 | |
| | | | 26,912 |

| | | | |
|---|---|---|---|
| **INSURANCE COMPANIES** | 1 | | |
| State Life Insurance Corp. of Pakistan | | 120,582 | |
| | | | **120,582** |
| **MUTUAL FUND** | 2 | | |
| CDC-Trustee National Investment (UNIT) Trust | | 956,526 | |
| Trustee-National Bank of Pakistan Employee Pension Fund | | 87,450 | |
| | | | **1,043,976** |
| **DIRECTORS, CEO, THEIR SPOUSES & MINOR CHILDREN** | 15 | | |

| | | | | |
|---|---|---|---|---|
| Mr. Shahzad Ahmed | 1 | | 2,445,613 | |
| Mr. Naveed Ahmed | 2 | | 1,655,310 | |
| Mr. Kashif Riaz | 3 | | 2,095,536 | |
| Mr. Imran Ahmed | 4 | | 1,659,912 | |
| Mr. Shafqat Masood | 6 | | 13,759 | |
| Mr. Shahwaiz Ahmed | 7 | | 504 | |
| Mr. Faisal Hanif | 8 | | 300 | |
| Ms. Arra Yaqub Vawda | 9 | | 30 | |
| Mr. Farooq Hassan | 10 | | 15 | |
| Mrs. Fadia Kashif | 11 | | 2,413,356 | |
| Ms. Mehr-un Nisa | | | 726,200 | |
| Mrs. Aisha Irfan | 12 | | 565,671 | |
| Mrs. Lozina Shahzad | 13 | | 380,085 | |
| Mrs. Shahzia Naveed | 14 | | 13,446 | |
| Mrs. Tahia Imran | 15 | | 4,164 | |
| **GRAND TOTAL** | | 2,035 | | 11,973,951 |
| | | | | **20,700,000** |

**Shareholders holding 10% or more voting interest in the company as at June 30, 2025**

| DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN | SHARES HELD | PERCENTAGE % |
|---|---|---|
| Mr. Kashif Riaz | 2,095,536 | 10.12 |
| Mrs. Fadia Kashif | 2,413,356 | 11.66 |
| Mr. Shahzad Ahmed | 2,445,613 | 11.81 |
| Mr. Irfan Ahmed (substantial shareholder) | 2,260,984 | 10.92 |

Detail of purchase / sale of shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Finance Officer, Chief Executive Office and their spouses, minor children during 2024-2025

| NAME | Purchase | Sold | Gift |
|---|---|---|---|
| Mr. Shahzad Ahmed | | | 500,170 |
| Mr. Naveed Ahmed | | | 500,170 |
| Mr. Imran Ahmed | | | 500,170 |
| Mr. Irfan Ahmed | | | 500,169 |
| | | | 2,000,679 |

# DIVIDEND MANDATE FORM

The Company Secretary,

Subject Bank account details for payment of Dividend through electronic mode

Dear Sir,

I/we/Messrs., ______________________________________________ being the shareholder(s) of Sunrays Textile Mills Limited [the "Company"], hereby, authorize the Company, to directly credit cash dividend declared by it, my bank account as detailed below:

| | |
|---|---|
| (i) Shareholder's details: | |
| Name of the Shareholder | |
| CDC Participant ID & Sub-Account No. / CDC IAS | |
| CNIC/NICOP/Passport/NTN No. (Please attach copy) | |
| Contact Number (landline & Cell Nos.) | |
| Shareholder's Address | |
| (ii) Shareholder's Bank account details: | |
| Title of Bank Account | |
| IBAN (see Note 1 below) | |
| Bank's Name | |
| Branch Name & Code No. | |
| Branch Address | |

It is stated that the above particulars given by me are correct and I shall keep the Company, informed in case of any changes in the said particulars in future.

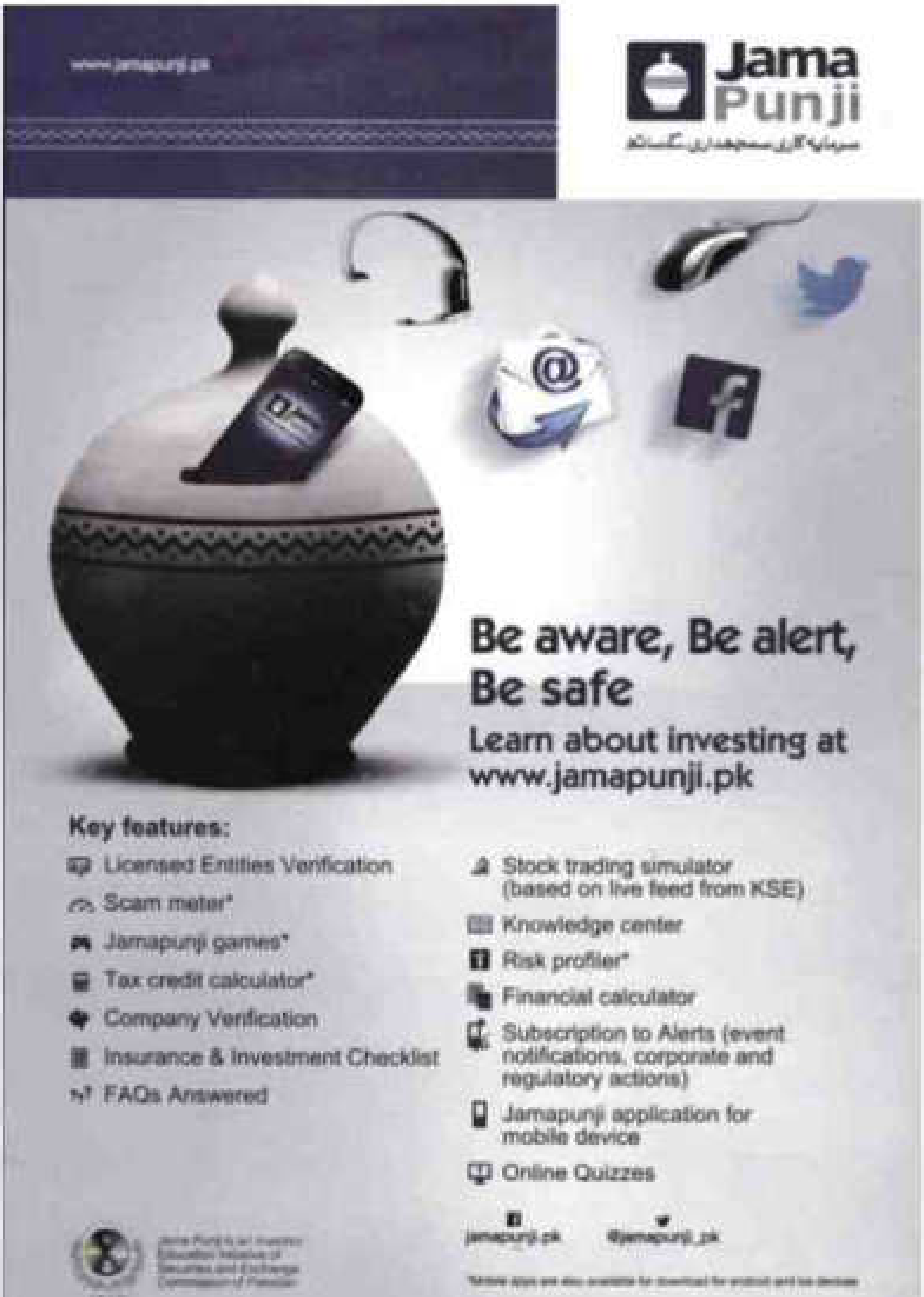
Yours Sincerely

____________________
Signature of Shareholder
(Please affix Company stamp in case of corporate entity)

Notes:

(i) Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.

**(ii) This letter must be sent to shareholder's participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of banks account details for credit of cash dividend declared by the Company from time to time.**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