



# ANNUAL REPORT 2026

## CONTENTS

|                                                 |       |
|-------------------------------------------------|-------|
| COMPANY INFORMATION .....                       | 3     |
| MISSION .....                                   | 4     |
| NOTICE OF ANNUAL GENERAL MEETING .....          | 5-6   |
| DIRECTORS' REPORT .....                         | 7-8   |
| FINANCIAL INFORMATION.....                      | 9     |
| STATEMENT OF ETHICS AND BUSINESS PRACTICES...   | 10    |
| INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ... | 11-13 |
| STATEMENT OF FINANCIAL POSITION .....           | 14-15 |
| STATEMENT OF PROFIT OR LOSS.....                | 16    |
| STATEMENT OF COMPREHENSIVE INCOME .....         | 17    |
| STATEMENT OF CHANGES IN EQUITY .....            | 18    |
| STATEMENT OF CASH FLOWS .....                   | 19    |
| NOTES TO THE FINANCIAL STATEMENTS .....         | 20-47 |
| PATTERN OF SHAREHOLDING .....                   | 48    |
| FORM OF PROXY .....                             | 49    |

## COMPANY INFORMATION

|                                |   |                                                                                                                                                        |
|--------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>CHAIRMAN</b>                | : | Mr. Muhammad Arshad Saeed                                                                                                                              |
| <b>CHIEF EXECUTIVE OFFICER</b> | : | Mr. Muhammad Ali Chaudhry                                                                                                                              |
| <b>DIRECTORS</b>               | : | Mr. Qamar Ul Islam<br>Mr. Muhammad Musharaf Khan<br>Mr. Kamran Ilyas<br>Ms. Kiran A. Chaudhry<br>Ms. Qurat Ul Ain Fayyaz                               |
| <b>COMPANY SECRETARY</b>       | : | Mr. Muhammad Javed                                                                                                                                     |
| <b>AUDITORS</b>                | : | M/s Crowe Hussain Chaudhury & Co.<br>Chartered Accountants<br>Lahore                                                                                   |
| <b>BANKERS</b>                 | : | National Bank of Pakistan<br>Bank Alfalah Limited<br>Askari Bank Limited<br>Meezan Bank Limited<br>Bank of Punjab<br>Al Baraka Bank (Pakistan) Limited |
| <b>SHARE REGISTRAR</b>         | : | Resham Textile Industries Limited                                                                                                                      |
| <b>LEGAL ADVISORS</b>          | : | Mr. Shaukat Haroon (Advocate)<br>Barrister Salman Rahim (Advocate High Court)                                                                          |
| <b>TAX ADVISORS</b>            | : | Yousaf Islam Associates<br>Akhtar Ali Associates<br>KPMG Taseer Hadi & Co.                                                                             |
| <b>REGISTERED OFFICE</b>       | : | 36-A, Lawrence Road, Lahore                                                                                                                            |
| <b>UAN</b>                     | : | (042) 111-767-676                                                                                                                                      |
| <b>WEBSITE</b>                 | : | <a href="http://www.reshamtextile.com">www.reshamtextile.com</a>                                                                                       |
| <b>MILLS</b>                   | : | 1.5 Kilometer Habibabad, Chunian Road,<br>Tehsil Chunian, District Kasur.                                                                              |

## **MISSION**

The management is committed to excellence in operations with the aim of achieving highest standards in product quality, customer satisfaction, Company growth, employees welfare and social responsibilities and is constantly striving to meet these objectives.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Seventh (37<sup>th</sup>) Annual General Meeting of the Shareholders of Resham Textile Industries Limited will be held on 17<sup>th</sup> October, 2026 at 10:00 a.m. at the Registered Office of the Company i.e. 36-A, Lawrence Road, Lahore to transact the following business.

1. To confirm the minutes of the last Annual General Meeting.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2026 together with the Directors' and Auditors' Report thereon.
3. To appoint auditors and fix their remuneration for the year ending June 30, 2027. The retiring Auditor M/S Crowe Hussain Chaudhry & Co, Chartered Accountants.
4. To elect seven (7) Directors of the company as fixed by the Board in accordance with the provision of Section 159(1) of the Companies Act, 2017, for a term of three (3) years commencing from the date of holding AGM i.e. 17<sup>th</sup> October, 2026. The names of retiring directors of the Company are as follows:
  - 1) Mr. Muhammad Arshad Saeed
  - 2) Mr. Qamar Ul Islam
  - 3) Mr. Muhammad Musharaf Khan
  - 4) Mr. Kamran Ilyas
  - 5) Mr. Muhammad Ali Chaudhry
  - 6) Ms. Kiran A. Chaudhry
  - 7) Ms. Qurat Ul Ain Fayyaz
5. To transact any other ordinary business with the permission of the Chair.

By Order of the Board

Muhammad Javed  
Company Secretary

Lahore: 19 September 2026

### NOTES:

#### 1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from **11 October 2026 to 17 October 2026 (both days inclusive)**.

#### 2. CNIC / Unclaimed Dividend and Shares

Members who have not yet provided a valid copy of their CNIC are requested to provide the same to the Company/Share Registrar along with their respective folio number and the name of the Company. In accordance with the applicable directives of the Securities and Exchange Commission of Pakistan ("SECP"), the Company may be required to withhold payment of dividend where the requisite information/documents have not been provided by the shareholder. Members are also advised to notify the Company/Share Registrar promptly of any change in their registered address and to ensure that their particulars are complete and updated in the Company's records.

#### Unclaimed/Unpaid Dividend and Shares

Pursuant to Section 244 of the Companies Act, 2017, shares and dividends which remain unclaimed or unpaid for a period of three years from the date on which they became due and payable are subject to the procedure prescribed under the said section, including issuance of notices to the concerned shareholders and subsequent deposit/delivery in accordance with

applicable law. Shareholders are advised to ensure that their claims in respect of any unclaimed dividend and shares are lodged promptly with the Company/Share Registrar.

### **3. Deduction of Income Tax from Dividend**

The deduction of income tax from dividend payments shall be made in accordance with Section 150 of the Income Tax Ordinance, 2001 and the applicable rates prescribed under the relevant provisions of the Income Tax Ordinance, 2001 and the Finance Act applicable at the time of payment. Shareholders are advised to ensure that their names are appearing on the Active Taxpayers' List (ATL) maintained by the Federal Board of Revenue (FBR), where applicable, so that tax is deducted at the applicable rate. In the case of joint shareholding, withholding tax shall be determined in accordance with the applicable tax laws and the respective shareholding proportions of the principal shareholder and joint holder(s), as provided to the Company. Where the requisite shareholding proportions are not provided, the Company shall apply the treatment prescribed under the applicable tax laws/rules.

### **4. Deduction of Zakat**

Zakat, where applicable, shall be deducted at source from dividend payments in accordance with the applicable provisions of the Zakat and Ushr Ordinance, 1980 and the rules/directives issued thereunder. Shareholders seeking exemption from compulsory deduction of Zakat are requested to submit the requisite declaration/exemption documents to the Company/Share Registrar within the prescribed time and before the relevant book closure date.

### **5. Election of Directors**

Any member who seeks to contest the election to the office of Director, whether a retiring Director or otherwise, shall file with the Company, not later than fourteen (14) days before the date of the meeting at which the election is to be held, a notice of his/her intention to offer himself/herself for election as Director in accordance with Section 159(3) of the Companies Act, 2017.

The candidate shall also submit the following documents/information within the prescribed time:

- a) Consent to act as Director under Section 167 of the Companies Act, 2017, on the prescribed Form-28, duly completed and signed;
- b) A detailed profile along with office address for placement on the Company's website in accordance with the applicable SECP requirements; and
- c) Such other information and documents as may be required under the Companies Act, 2017, applicable rules, regulations, notifications, circulars and directives of SECP. A person who has submitted a notice of intention to offer himself/herself for election may withdraw such notice at any time before the holding of the election in accordance with Section 159(3) of the Companies Act, 2017. The Company shall place the requisite election-related information on its website in accordance with applicable SECP requirements.

### **6. Proxy**

A member entitled to attend and vote at the meeting may appoint another member of the Company as his/her proxy to attend and vote on his/her behalf. The instrument appointing a proxy, duly completed, signed and stamped, must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time fixed for holding the meeting.

The prescribed Proxy Form is attached with the Annual Report.

### **7. CDC Account Holders / Identification**

CDC account holders are requested to bring their original CNIC or Passport for identification at the time of attending the meeting. Members are also requested to promptly notify the Company/Share Registrar of any change in their registered address.

### **8. Availability/Circulation of Annual Financial Statements**

The Company's Annual Financial Statements for the year ended **30 June 2026**, together with the Directors' Report and Auditors' Report thereon, are being circulated to the shareholders in accordance with the applicable provisions of the Companies Act, 2017. The Annual Financial Statements and other relevant information are also available on the Company's website:

**[www.reshamtextile.com](http://www.reshamtextile.com)**

Members may access/download the Annual Financial Statements from the Company's website

## DIRECTORS' REPORT

It is my pleasure to present the Directors' Report and the audited accounts for the year ended **June 30, 2026**.

### Performance Review:

During the year under review, the economy remained under the influence of IMF-related economic policies, high financing costs and uncertainty affecting investment and growth. However, your company remained determined and continued to operate Unit-2, with production limited to available demand for high-quality yarn. This implied difficulties in managing cotton procurement and its use for one, two and sometimes even three shifts. The strategy was one of survival without compromise on quality, which helped retain buyers of high-quality yarn.

Economic uncertainty was compounded by a brief period of hostilities between Pakistan and India. The subsequent easing of tensions brought relief, although such developments can affect business confidence, investment decisions and the medium- and long-term outlook. The Ministry of Finance continued to manage the economy within the prevailing policy framework. The support of Pakistan's longstanding friends, especially Saudi Arabia and China, is appreciated.

The company followed its long-term policy of strict quality control, sales to parties with a strong payment record and careful cost management. Sales increased by approximately 23%, from Rs. 3,569,663,681 to Rs. 4,379,271,955, while cost of sales increased by approximately 17%. Gross profit increased from Rs. 8,979,898 to Rs. 225,685,412. Operating profit amounted to Rs. 122,144,174 compared with an operating loss of Rs. 88,181,142 in the preceding year. Overall, this represented a recovery from the loss of Rs. 61,733,971 in 2025 to a net profit of Rs. 23,986,187 in 2026. The improved performance reflects the policies adopted by the Chief Executive Officer, Mr. Muhammad Ali Chaudhry, and the efforts of his team at the office and the mill, together with vigilant management and hard work across the company. An interim dividend of Rs. 72 million was paid during the year. No statement concerning a further dividend is made here pending confirmation of the Board's final decision.

The comparative performance for the year ended June 30, 2026 is given below. Further details may be perused in the financial statements:

|                                                   | 2026          | 2025            | INCREASE /<br>(DECREASE) |
|---------------------------------------------------|---------------|-----------------|--------------------------|
|                                                   | Rupees ('000) |                 | % age                    |
| Sales                                             | 4,379,272     | 3,569,664       | 23%                      |
| Cost of sales                                     | (4,153,587)   | (3,560,684)     | 17%                      |
| Gross Profit                                      | 225,685       | 8,980           | 2413%                    |
| Selling and distribution costs                    | (38,490)      | (35,038)        | 10%                      |
| Administrative expenses                           | (57,928)      | (60,447)        | (4)%                     |
| Other operating expenses                          | (7,123)       | (1,676)         | 325%                     |
|                                                   | (103,541)     | (97,161)        | 7%                       |
| Operating Profit / (Loss)                         | 122,144       | (88,181)        | 239%                     |
| Other income                                      | 15,734        | 61,968          | (75)%                    |
| Finance costs                                     | (66,416)      | (9,045)         | 634%                     |
| <b>Profit / (Loss) before levies and taxation</b> | <b>71,462</b> | <b>(35,258)</b> | <b>303%</b>              |
| Levies                                            | (12,614)      | (44,621)        | (72)%                    |
| <b>Profit / (Loss) before taxation</b>            | <b>58,848</b> | <b>(79,879)</b> | <b>174%</b>              |
| Taxation                                          | (34,862)      | 18,145          | (292)%                   |
| <b>Net Profit / (Loss) for the year</b>           | <b>23,986</b> | <b>(61,734)</b> | <b>139%</b>              |

## **Future Prospects:**

It appears that some changes in economic policies have been oriented towards growth, although the scope for incentives remains constrained. Alhamdulillah, the new financial year has started on a positive note, with improved demand for yarn. By the grace of Allah, s.w.t., the first unit was prepared for production, and limited production commenced; it has now reached almost full production capacity at the time of this report. The addition of solar generation facilities has also shown encouraging results in reducing electricity costs. Appreciation is due to the Chief Executive Officer for pursuing the expansion of solar generation.

If the present relationship between yarn and cotton prices continues and, importantly, if adequate cotton remains available the prospects are, Alhamdulillah, encouraging. Management is nevertheless keeping a close watch on developments affecting world oil supplies and prices. Changes in domestic fuel pricing and the risk of further disruption in the Middle East could significantly affect the company and the wider economy. Regional tensions, including relations with India and Afghanistan and uncertainty concerning river-water arrangements, also remain matters of concern. Population growth, poverty, the movement of skilled people and capital, and the possibility of disruption to overseas employment and workers' remittances could add to longer-term economic pressures. With these remarks, we express the hope that policies supporting sustainable growth will help the country, and that we will, Insha Allah, navigate these difficult times.

## **Acknowledgements**

Although the contribution by various people has been highlighted above, we would like to thank all those who tirelessly worked to safeguard and advance vision of the company. In addition, thanks are also due to all Honorable Shareholders for their continuing support.

The Directors take this opportunity to thank the Company's Bankers, particularly National Bank of Pakistan, Bank Alfalah Limited, Askari Islamic Bank Limited, Meezan Bank Limited, The Bank of Punjab, Al Baraka Bank (Pakistan) Ltd, Faysal Bank Limited and other financial Institutions for their confidence in the Company and strong financial support.

For and on behalf of the Board

**Lahore:** September 19, 2026

Muhammad Arshad Saeed  
(Chairman)

## FINANCIAL INFORMATION

| <b>BALANCE SHEET</b>                                            | <b>2026</b>      | <b>2025</b> | <b>2024</b>   | <b>2023</b> | <b>2022</b>   | <b>2021</b>  |
|-----------------------------------------------------------------|------------------|-------------|---------------|-------------|---------------|--------------|
| <b>(Rupees in Thousand)</b>                                     |                  |             |               |             |               |              |
| Paid up Share Capital                                           | <b>360,000</b>   | 360,000     | 360,000       | 360,000     | 360,000       | 360,000      |
| Unappropriated Profit                                           | <b>1,302,765</b> | 1,276,753   | 1,257,731     | 1,025,307   | 1,509,237     | 1,043,237    |
| Revaluation Surplus on Property, Plant and equipment-net of tax | <b>1,165,847</b> | 1,218,471   | 1,301,135     | 528,047     | 540,886       | 593,650      |
| <b>Total Equity</b>                                             | <b>2,828,612</b> | 2,855,224   | 2,918,866     | 1,913,354   | 2,410,123     | 1,996,887    |
| Deferred Liabilities                                            | <b>466,398</b>   | 504,798     | 529,263       | 254,821     | 320,294       | 301,113      |
| Current Liabilities                                             | <b>403,296</b>   | 522,040     | 307,980       | 384,964     | 805,211       | 502,182      |
|                                                                 | <b>3,698,306</b> | 3,882,062   | 3,756,109     | 2,553,139   | 3,535,628     | 2,800,182    |
| Represented by:                                                 |                  |             |               |             |               |              |
| Fixed Assets                                                    | <b>2,332,180</b> | 2,309,926   | 2,317,269     | 1,303,020   | 1,360,206     | 1,429,429    |
| Capital Work in Progress                                        | -                | -           | -             | -           | -             | 1,200        |
| Long Term Deposits                                              | <b>9,633</b>     | 9,633       | 10,093        | 6,466       | 6,801         | 6,563        |
| Current Assets                                                  | <b>1,356,493</b> | 1,562,502   | 1,428,747     | 1,243,653   | 2,168,621     | 1,362,990    |
|                                                                 | <b>3,698,306</b> | 3,882,062   | 3,756,109     | 2,553,139   | 3,535,628     | 2,800,182    |
| <b>PROFIT OR LOSS</b>                                           |                  |             |               |             |               |              |
| Sales                                                           | <b>4,379,272</b> | 3,569,664   | 4,559,573     | 1,788,336   | 7,378,174     | 4,782,419    |
| Cost of Revenue                                                 | <b>4,153,587</b> | 3,560,684   | 4,250,211     | 1,858,362   | 6,136,539     | 3,972,022    |
| Gross Profit                                                    | <b>225,685</b>   | 8,980       | 309,362       | (70,026)    | 1,241,635     | 810,397      |
| Operating Profit / (Loss)                                       | <b>122,144</b>   | (88,181)    | 184,045       | (166,430)   | 1,014,957     | 653,830      |
| Profit / (Loss) Before Taxation                                 | <b>71,462</b>    | (79,879)    | 246,697       | (31,285)    | 996,564       | 623,562      |
| Profit / (Loss) After Taxation                                  | <b>23,986</b>    | (61,734)    | 215,923       | (29,024)    | 613,844       | 432,405      |
| EPS                                                             | <b>0.67</b>      | (1.71)      | 6.00          | (0.81)      | 17.05         | 12.01        |
| Dividend %                                                      | 20               | -           | -             | 100         | 75            | 30           |
| <b>PERCENTAGE TO SALES</b>                                      |                  |             |               |             |               |              |
| <b>Gross Profit</b>                                             | <b>% age</b>     | <b>5.15</b> | <b>0.25</b>   | <b>6.78</b> | <b>(3.92)</b> | <b>16.83</b> |
| <b>Profit / (Loss) Before Taxation</b>                          | <b>% age</b>     | <b>1.63</b> | <b>(2.24)</b> | <b>5.41</b> | <b>(1.75)</b> | <b>13.51</b> |
| <b>Profit / (Loss) After Taxation</b>                           | <b>% age</b>     | <b>0.55</b> | <b>(1.73)</b> | <b>4.74</b> | <b>(1.62)</b> | <b>8.32</b>  |
| <b>Admin &amp; Selling Expenses</b>                             | <b>% age</b>     | <b>2.20</b> | <b>2.67</b>   | <b>2.27</b> | <b>5.39</b>   | <b>2.08</b>  |

## STATEMENT OF ETHICS AND BUSINESS PRACTICES

This Statement of Ethics and Business Practices is intended to document the principles of conduct and ethics to be followed by **Resham Textile Industries Limited** (the "Company") and its employees, officers and directors. Its purpose is to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest.

**CONFLICTS OF INTEREST** - Directors, officers and employees of the Company shall act at all times honestly and ethically, and shall avoid situations where their personal or outside business interests could conflict with the interests of the Company and its shareholders.

**DEALING WITH BUSINESS PARTNERS** - All purchases of goods and services by the Company will be made exclusively on the basis of price, quality, service and suitability to the Company's needs and in the interest of the Company alone. Company Directors, officers and employees are prohibited from accepting gifts from sellers or buyers in any form whatsoever.

**DISCLOSURE** - Each senior executive officer must provide full, fair, accurate and understandable information whenever communicating with the Company's stockholders or the general public.

**COMPLIANCE WITH LAWS, RULES AND REGULATIONS** - All directors, officers and employees must conduct Company business in compliance with all applicable laws, rules and regulations.

**HEALTH, SAFETY, AND ENVIRONMENTAL PROTECTION** - It is the Company's policy to ensure the safety of its employees, be extra careful in protecting Company property from fire and other hazards, and to maintain the state of environment.

**REPORTING OF VIOLATIONS** - It is each employee's responsibility to notify promptly his or her supervisor regarding any actual or potential violation of this Code and any applicable laws, rules and regulations by anyone in the Company.

**FAIR DEALING** - It is our policy that each director, officer and employee will endeavor to deal fairly with the Company's customers, suppliers, competitors and employees.

**CONFIDENTIALITY** - Company directors, officers and employees are prohibited from revealing confidential information of the Company acquired by virtue of their association with the Company or in any other manner, disclosure of which may hurt the interests of the Company. This does not apply to disclosures required by laws, rules and regulations.

**PROPER USE OF COMPANY ASSETS** - Company Directors, officers and employees should protect the Company's assets and ensure their efficient use. Employees must not participate in, or arrange, any activity that is not commensurate with Company interests.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

### Opinion

We have audited the annexed financial statements of RESHAM TEXTILE INDUSTRIES LIMITED (the Company), which comprise the statement of financial position as at June 30, 2026 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2026 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, the 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

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

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## **CROWE HUSSAIN CHAUDHURY & CO.**

*Chartered Accountants*

*Lahore September 21, 2026*

*UDIN: AR202610051K7ejRFUPA*

## STATEMENT OF FINANCIAL

|                                                                                             |      | 2026                 | 2025          |
|---------------------------------------------------------------------------------------------|------|----------------------|---------------|
|                                                                                             | Note | Rupees               | Rupees        |
| <b>EQUITY AND LIABILITIES</b>                                                               |      |                      |               |
| <b>Share Capital and Reserves</b>                                                           |      |                      |               |
| Authorized share capital<br>36,000,000 (2025: 36,000,000) Ordinary<br>shares of Rs. 10 each |      | <b>360,000,000</b>   | 360,000,000   |
| Issued, subscribed and paid up share capital                                                | 5    | <b>360,000,000</b>   | 360,000,000   |
| Unappropriated profit                                                                       |      | <b>1,302,765,308</b> | 1,276,753,280 |
| Revaluation surplus on property, plant and<br>equipment - net of tax                        | 6    | <b>1,165,847,030</b> | 1,218,470,923 |
|                                                                                             |      | <b>2,828,612,338</b> | 2,855,224,203 |
| <b>Non Current Liabilities</b>                                                              |      |                      |               |
| Deferred tax liability                                                                      | 7    | <b>433,018,200</b>   | 485,109,589   |
| Post employment benefits                                                                    | 8    | <b>33,379,877</b>    | 19,688,502    |
|                                                                                             |      | <b>466,398,077</b>   | 504,798,091   |
| <b>Current Liabilities</b>                                                                  |      |                      |               |
| Trade and other payables                                                                    | 9    | <b>346,095,955</b>   | 208,614,709   |
| Unclaimed dividend                                                                          |      | <b>641,610</b>       | 641,610       |
| Accrued markup                                                                              |      | -                    | 84,691        |
| Short term borrowings                                                                       | 10   | -                    | 240,000,000   |
| Sales tax payable                                                                           |      | <b>5,320,594</b>     | -             |
| Provision for income tax                                                                    | 11   | <b>51,238,133</b>    | 72,698,717    |
|                                                                                             |      | <b>403,296,292</b>   | 522,039,727   |
| <b>Contingencies and Commitments</b>                                                        |      |                      |               |
|                                                                                             | 12   | -                    | -             |
|                                                                                             |      | <b>3,698,306,707</b> | 3,882,062,021 |

The annexed notes from 1 to 39 form an integral part of these financial statements.

**CHIEF EXECUTIVE OFFICER**

## POSITION AS AT JUNE 30, 2026

|                                |      | 2026                 | 2025          |
|--------------------------------|------|----------------------|---------------|
|                                | Note | Rupees               | Rupees        |
| <b>ASSETS</b>                  |      |                      |               |
| <b>Non Current Assets</b>      |      |                      |               |
| Property, plant and equipment  | 13   | 2,332,180,453        | 2,309,926,311 |
| Long term deposits             | 14   | 9,633,360            | 9,633,360     |
|                                |      | <b>2,341,813,813</b> | 2,319,559,671 |
| <b>Current Assets</b>          |      |                      |               |
| Stores and spares              | 15   | 91,228,304           | 96,910,704    |
| Stock in trade                 | 16   | 198,182,012          | 804,443,833   |
| Trade receivables              | 17   | 196,204,365          | 655,417       |
| Short term investments         | 18   | 15,888               | 14,796        |
| Loans and advances             | 19   | 1,165,839            | 868,569       |
| Sales tax receivable           |      | -                    | 120,149,170   |
| Tax refund due from Government | 20   | 61,266,308           | 65,507,633    |
| Cash and bank balances         | 21   | 808,430,178          | 473,952,228   |
|                                |      | <b>1,356,492,894</b> | 1,562,502,350 |
|                                |      | <b>3,698,306,707</b> | 3,882,062,021 |

**DIRECTOR**

**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2026**

|                                                   |             | <b>2026</b>            | <b>2025</b>     |
|---------------------------------------------------|-------------|------------------------|-----------------|
|                                                   | <b>Note</b> | <b>Rupees</b>          | <b>Rupees</b>   |
| Sales                                             | <b>22</b>   | <b>4,379,271,955</b>   | 3,569,663,681   |
| Cost of sales                                     | <b>23</b>   | <b>(4,153,586,543)</b> | (3,560,683,783) |
| <b>Gross Profit</b>                               |             | <b>225,685,412</b>     | 8,979,898       |
| <b>Operating Expenses</b>                         |             |                        |                 |
| Selling and distribution costs                    | <b>24</b>   | <b>(38,490,286)</b>    | (35,038,445)    |
| Administrative expenses                           | <b>25</b>   | <b>(57,928,236)</b>    | (60,447,002)    |
| Other operating expenses                          | <b>26</b>   | <b>(7,122,716)</b>     | (1,675,593)     |
|                                                   |             | <b>(103,541,238)</b>   | (97,161,040)    |
| <b>Operating Profit / (Loss)</b>                  |             | <b>122,144,174</b>     | (88,181,142)    |
| Other income                                      | <b>27</b>   | <b>15,734,154</b>      | 61,967,879      |
| Finance costs                                     | <b>28</b>   | <b>(66,416,503)</b>    | (9,045,166)     |
|                                                   |             | <b>(50,682,349)</b>    | 52,922,713      |
| <b>Profit / (Loss) before Levies and Taxation</b> |             | <b>71,461,825</b>      | (35,258,429)    |
| Levies                                            | <b>29</b>   | <b>(12,613,709)</b>    | (44,620,796)    |
| <b>Profit / (Loss) before Taxation</b>            |             | <b>58,848,116</b>      | (79,879,225)    |
| Taxation                                          | <b>29</b>   | <b>(34,861,929)</b>    | 18,145,254      |
| <b>Net Profit / (Loss) for the Year</b>           |             | <b>23,986,187</b>      | (61,733,971)    |

The annexed notes from 1 to 39 form an integral part of these financial statements.

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2026

|                                                                                   | <b>2026</b><br><b>Rupees</b> | <b>2025</b><br><b>Rupees</b> |
|-----------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>Net Profit / (Loss) for the Year</b>                                           | <b>23,986,187</b>            | (61,733,971)                 |
| <b>Other Comprehensive Loss</b>                                                   |                              |                              |
| <i><b>Items that will not be re-classified subsequently to profit or loss</b></i> |                              |                              |
| Surplus arising on revaluation of property, plant and equipment                   | -                            | -                            |
| Related deferred tax impact                                                       | -                            | -                            |
| Re-measurement loss on post employment benefits obligations                       | <b>(722,965)</b>             | (2,765,065)                  |
| Related deferred tax impact                                                       | <b>209,660</b>               | 857,170                      |
| <i><b>Items that may be re-classified subsequently to profit or loss</b></i>      | -                            | -                            |
| Other comprehensive Loss for the year                                             | <b>(513,305)</b>             | (1,907,895)                  |
| <b>Total Comprehensive Income / (Loss) for the Year</b>                           | <b><u>23,472,882</u></b>     | <b><u>(63,641,866)</u></b>   |

The annexed notes from 1 to 39 form an integral part of these financial statements.

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2026**

| Particulars                                                                                                                  | Issued,<br>Subscribed<br>and Paid up<br>Capital | Revenue<br>Reserve -<br>Unappropriated<br>Profit | Surplus on<br>Revaluation of<br>Property, Plant<br>and Equipment | Total                |
|------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------|----------------------|
|                                                                                                                              | Rupees                                          | Rupees                                           | Rupees                                                           | Rupees               |
| <b>Balance as at June 30, 2024</b>                                                                                           | 360,000,000                                     | 1,257,731,265                                    | 1,301,134,804                                                    | 2,918,866,069        |
| Net loss for the year                                                                                                        | -                                               | (61,733,971)                                     | -                                                                | (61,733,971)         |
| Other comprehensive loss for the year                                                                                        | -                                               | (1,907,895)                                      | -                                                                | (1,907,895)          |
| Total comprehensive loss for the year                                                                                        | -                                               | (63,641,866)                                     | -                                                                | (63,641,866)         |
| Incremental depreciation for the year on surplus<br>on revaluation of property, plant and<br>equipment - net of deferred tax | -                                               | 82,663,881                                       | (82,663,881)                                                     | -                    |
| <b>Balance as at June 30, 2025</b>                                                                                           | 360,000,000                                     | 1,276,753,280                                    | 1,218,470,923                                                    | 2,855,224,203        |
| Net Profit for the year                                                                                                      | -                                               | 23,986,187                                       | -                                                                | 23,986,187           |
| Other comprehensive loss for the year                                                                                        | -                                               | (513,305)                                        | -                                                                | (513,305)            |
| Total comprehensive income for the year                                                                                      | -                                               | 23,472,882                                       | -                                                                | 23,472,882           |
| Incremental depreciation for the year on surplus<br>on revaluation of property, plant and<br>equipment - net of deferred tax | -                                               | 74,539,146                                       | (74,539,146)                                                     | -                    |
| Effect of rate change                                                                                                        | -                                               | -                                                | 21,915,253                                                       | 21,915,253           |
| <b>Transactions with owners recorded directly in equity</b>                                                                  |                                                 |                                                  |                                                                  |                      |
| Interim dividend paid for the year ended June 30, 2026<br>@ Rs. 2/- per share                                                | -                                               | (72,000,000)                                     | -                                                                | (72,000,000)         |
|                                                                                                                              | -                                               | (72,000,000)                                     | -                                                                | (72,000,000)         |
| <b>Balance as at June 30, 2026</b>                                                                                           | <b>360,000,000</b>                              | <b>1,302,765,308</b>                             | <b>1,165,847,030</b>                                             | <b>2,828,612,338</b> |

The annexed notes from 1 to 39 form an integral part of these financial statements.

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2026

|                                                                            |      | 2026                 | 2025                 |
|----------------------------------------------------------------------------|------|----------------------|----------------------|
|                                                                            | Note | Rupees               | Rupees               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                |      |                      |                      |
| Profit / (Loss) before Levies and Taxation                                 |      | 71,461,825           | (35,258,429)         |
| Adjustments for:                                                           |      |                      |                      |
| - Depreciation on property, plant and equipment                            | 13   | 121,249,778          | 127,017,838          |
| - Gain on disposal of property, plant and equipment                        | 27   | (1,441,420)          | (1,379,528)          |
| - Provision for post employment benefits                                   | 8.1  | 20,148,910           | 17,573,337           |
| - Provision for workers' (profit) participation fund                       | 26   | 3,929,227            | -                    |
| - Provision for workers' welfare fund                                      | 26   | 2,966,014            | 522,944              |
| - Provision for slow moving items                                          | 15   | -                    | 905,964              |
| - Expected credit loss allowance on trade debtors                          | 26   | 227,475              | 246,685              |
| - Dividend income                                                          |      | (1,463)              | (1,829)              |
| - Unrealized gain on NIT Investment - at fair value through profit or loss |      | (53)                 | (41)                 |
| - Interest income                                                          | 27   | (14,291,218)         | (60,586,481)         |
| - Finance costs                                                            | 28   | 66,416,503           | 9,045,166            |
|                                                                            |      | <b>199,203,753</b>   | <b>93,344,055</b>    |
| <b>Operating profit before working capital changes</b>                     |      | <b>270,665,578</b>   | <b>58,085,626</b>    |
| Effect on cash flows due to working capital changes                        |      |                      |                      |
| (Increase) / decrease in current assets:                                   |      |                      |                      |
| - Stores and spares                                                        | 15   | 5,682,400            | 6,251,447            |
| - Stock in trade                                                           | 16   | 606,261,821          | (428,657,486)        |
| - Trade receivables                                                        | 17   | (195,776,423)        | 26,719,199           |
| - Loans and advances                                                       | 19   | (297,270)            | 323,133              |
| - Sales tax receivable                                                     |      | 120,149,170          | (60,147,814)         |
| Increase / (decrease) in current liabilities                               |      |                      |                      |
| - Trade and other payables                                                 | 9    | 130,586,005          | 15,384,852           |
| - Sales tax payable                                                        |      | 5,320,594            | -                    |
|                                                                            |      | <b>671,926,297</b>   | <b>(440,126,669)</b> |
| <b>Cash Generated from / (Used in) Operations</b>                          |      | <b>942,591,875</b>   | <b>(382,041,043)</b> |
| Finance costs paid                                                         |      | (66,501,194)         | (8,960,475)          |
| Workers' (profit) participation fund paid                                  | 9.4  | -                    | (13,425,481)         |
| Workers' welfare fund paid                                                 | 9.5  | -                    | (11,485,555)         |
| Staff gratuity paid                                                        | 8.1  | (7,180,500)          | (25,800,918)         |
| Tax paid                                                                   |      | (94,661,373)         | (55,190,024)         |
| Interest received on savings accounts                                      |      | 14,291,218           | 60,586,481           |
|                                                                            |      | <b>(154,051,849)</b> | <b>(54,275,972)</b>  |
| <b>Net Cash Generated from / (Used in) Operating Activities</b>            |      | <b>788,540,026</b>   | <b>(436,317,015)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                |      |                      |                      |
| Purchase of property, plant and equipment                                  | 13.1 | (35,863,489)         | (115,195,239)        |
| Capital work in progress                                                   | 13.9 | (108,099,011)        | (8,000,000)          |
| Long term deposits                                                         | 14   | -                    | 459,433              |
| Short term investments                                                     | 18   | 424                  | 457                  |
| Sale proceeds from disposal of operating fixed assets                      |      | 1,900,000            | 4,900,000            |
| <b>Net Cash Used in Investing Activities</b>                               |      | <b>(142,062,076)</b> | <b>(117,835,349)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                |      |                      |                      |
| Short term borrowings repaid                                               | 10   | (2,367,487,500)      | (2,017,914,054)      |
| Short term borrowings obtained                                             | 10   | 2,127,487,500        | 2,257,914,054        |
| Dividend paid                                                              |      | (72,000,000)         | -                    |
| <b>Net Cash Used in Financing Activities</b>                               |      | <b>(312,000,000)</b> | <b>240,000,000</b>   |
| <b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>              |      | <b>334,477,950</b>   | <b>(314,152,364)</b> |
| Cash and cash equivalents at the beginning of the year                     |      | 473,952,228          | 788,104,592          |
| <b>Cash and Cash Equivalents at the End of the Year</b>                    |      | <b>808,430,178</b>   | <b>473,952,228</b>   |

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

Note 1

**The Company and its Operations****1.1 Legal status and nature of business**

Resham Textile Industries Limited (the Company) is a public unlisted company, incorporated in Pakistan on June 06, 1990 under the repealed Companies Act, 1913 (now the Companies Act, 2017). The Company is domiciled in Pakistan and engaged in manufacturing and sale of yarn.

**1.2** The geographical locations and addresses of the Company's business units, including Mill's plant are as under:

| Business Unit                     | Geographical Location                                                         |
|-----------------------------------|-------------------------------------------------------------------------------|
| - Head Office / Registered Office | The Company's registered office address is 36 A - Lawrence Road, Lahore.      |
| - Production Plant / Factory      | The Company's mill address is 1.5 km Habibabad in the Kasur district, Punjab. |

Note 2

**Basis of Preparation****2.1 Statement of compliance**

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

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

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except to the extent of following:

|                                       |         |                             |
|---------------------------------------|---------|-----------------------------|
| Post employment benefits              | Note 8  | (stated at Present value)   |
| Certain property, plant and equipment | Note 13 | (stated at Revalued / Fair) |
| Short term investments                | Note 18 | (stated at Fair value)      |

**2.3 Functional and presentation currency**

These financial statements are prepared and presented in Pak Rupees (Rs.) which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest Rupee, unless otherwise stated.

**2.4 Use of estimates and judgments**

The preparation of financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the year in which such revisions are made. Significant management estimates in these financial statements relate primarily to:

- Provision for post employment benefits - Note 3.7 and 8
- Useful lives, residual values, depreciation method and fair value of property, plant and equipment - Notes 3.1, and 13
- Net realizable values of stock in trade and stores and spare - Notes 3.3, 3.4, 15 and 16

- Impairment of non-financial assets other than inventories – Note 3.13
- Income tax expense, provision for current tax and recognition of deferred tax liabilities - Note 3.8, 7, 11 and 29
- Estimation of contingent liabilities - Note 4.2 and 12
- Provision for expected credit losses – Note 3.11 and 17.1

## 2.5 Changes in accounting standards, interpretations and pronouncements

### 2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

The following standards, amendments, and interpretations are effective for the year ended June 30, 2026. These standards, amendments and interpretations are either irrelevant to the Company's operations or are not expected to significantly impact the Company's financial statements other than certain additional disclosures.

| Standards or interpretation                                                | Effective Date - Annual periods beginning on or after |
|----------------------------------------------------------------------------|-------------------------------------------------------|
| IAS 21                      Lack of Exchangeability (Amendments to IAS 21) | January 01, 2025                                      |

### 2.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

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

| Standards or interpretation                                                                                                                 | Effective Date - Annual periods beginning on or after |
|---------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| IFRS 10, IFRS 9,<br>IFRS 1, IAS 7,<br>IFRS 7                      Annual Improvements to IFRS Accounting Standards - Volume 11              | January 01, 2026                                      |
| IFRS 7, IFRS 9              Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7                            | January 01, 2026                                      |
| IFRS 7, IFRS 9              Amendments to the Classification and Measurement of Financial Instruments<br>Amendments to IFRS 9 and IFRS 7    | January 01, 2026                                      |
| IAS 28                          Amendments to the Fair Value Option for Investments in Associates and Joint Ventures - Amendments to IAS 28 | January 01, 2027                                      |
| IAS 21                          Translation to a Hyperinflationary Presentation Currency- Amendments to IAS 21                              | January 01, 2027                                      |
| IFRS 19                          IFRS 19 Subsidiaries without Public Accountability: Disclosures                                            | January 01, 2027                                      |
| IFRS 18                          IFRS 18 Presentation and Disclosure in Financial Statements                                                | January 01, 2027                                      |

Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have not been notified locally, in relation to the Company, by the Securities and Exchange Commission of Pakistan (SECP) as at the reporting date:

|                                                                                                                                  |                  |
|----------------------------------------------------------------------------------------------------------------------------------|------------------|
| IFRS 1                          First Time Adoption of IFRS                                                                      |                  |
| IFRS S1                          General Requirements for Disclosure of Sustainability-related Financial Information             | July 01, 2027    |
| IFRS S2                          Climate-Related Disclosures                                                                     | July 01, 2027    |
| IFRS 17                          IFRS 17 - Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17) | January 01, 2027 |
| IFRS 20                          IFRS 20 Regulatory Assets and Regulatory Liabilities                                            | January 01, 2029 |

The management believes that adoption of the new standards, amendments and interpretations, which are in issue but not yet effective, is not likely to have any material impact, on the recognition, measurement, presentation and disclosure of items in the financial statements for current and future periods and foreseeable future transactions.

Material accounting policy information adopted in the preparation of these financial statements is set out below. These policies have been consistently applied to all the periods presented unless stated otherwise.

### **3.1 Property, plant and equipment**

#### ***Owned***

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses, if any, except freehold land, buildings, plant and machinery and electric installations. Land is stated at revalued amount while building on freehold land, plant and machinery and electric installations are stated at revalued amount less accumulated depreciation and impairment loss if any. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable costs of bringing assets to their working condition.

#### ***Depreciation***

Depreciation is charged to profit or loss using reducing balance method at the rates specified in Note 13. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases when the asset is derecognized. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

#### ***Revaluation***

Freehold land, buildings on freehold land, plant and machinery, and electric installation are revalued every three years. Latest revaluation of said assets was carried out by an independent valuer as at June 30, 2024. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss.

Any revaluation increase arising on the revaluation of land, buildings on freehold land, plant and machinery, and electric installation is recognized in other comprehensive income and presented as a separate component of equity as "Revaluation on property, plant and equipment", except to the extent that it reverses a revaluation for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land and building is charged to profit or loss to the extent that it exceeds the balance, if any, held in the Revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset.

Each year the incremental depreciation, i.e. the difference between depreciation based on revalued carrying amount of the asset and depreciation based on the asset's original cost, is transferred from surplus on revaluation of property, plant and equipment to retained earnings. All transfers from surplus on revaluation of property, plant and equipment are net of applicable deferred taxation. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

#### ***Judgement and estimate***

Depreciation method, residual value and useful lives of assets are reviewed at least at each reporting date and adjusted if impact on depreciation is significant.

#### ***Impairment***

The Company assesses at each reporting date whether there is any indication that property, plant and equipment is 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 amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent cost is included in the carrying amount of an asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to the profit or loss as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment are included in the current year's profit or loss.

### ***Capital work in progress***

Capital work in progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to property, plant and equipment as and when these are available for use.

## **3.2 Balances from contract with customers**

### ***Contract assets***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods to a customer before the customer pays consideration or before payment is due.

### ***Trade receivables***

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

### ***Contract liabilities***

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

### ***Right of return assets***

Right of return assets represent the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

### ***Refund liabilities***

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

## **3.3 Stores and spares**

These are valued at lower of moving average cost and net realizable value; whilst items considered obsolete are written off. Cost of items in transit comprises invoice value plus incidental charges paid thereon.

## **3.4 Stock in trade**

### ***Recognition and measurement***

These are valued at lower of cost and net realizable value. Cost is determined as follows:

|   |                         |                                               |
|---|-------------------------|-----------------------------------------------|
| - | Raw material            | First in first out (FIFO)                     |
| - | Raw material in transit | Invoice value plus other charges paid thereon |
| - | Work in process         | Average manufacturing cost                    |
| - | Finished goods          | Average manufacturing cost                    |
| - | Waste                   | Net realizable value                          |

Manufacturing cost in relation to work in process and finished goods comprises cost of materials, labor and appropriate manufacturing overheads. Net realizable value signifies estimated selling price in the ordinary course of business less necessary costs to make the sale.

### ***Judgments and estimates***

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

### 3.5 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprises cash in hand and cash at banks in current and savings accounts.

### 3.6 Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are not recognized for future operating losses.

### 3.7 Post employment benefits

#### *Defined benefit plan*

The Company operates a defined benefit plan and maintains an unfunded gratuity scheme for all of its permanent employees. Under this scheme, gratuity is paid to the retiring employees on the basis of their last drawn gross salary for each completed year of service.

Actuarial gains / (losses) arising from experience adjustments and changes in actuarial assumptions for the defined benefits plan are charged or credited to the statement of comprehensive income in the period in which they arise. Past service costs are recognized immediately in the profit or loss.

Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out at each reporting date.

### 3.8 Taxation

These are recognized in the statement of profit or loss except to the extent that relates to items recognized directly in comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

#### *Levy*

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. When minimum tax is higher than tax calculated on taxable profits, excess amount is recognized as levy under IFIRC 21 / IAS 37. Further, the Company shall also charge tax expense under levy when tax is calculated under final tax regime.

#### *Current income tax*

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with the Income Tax Ordinance, 2001, after taking into account tax credit available, if any. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date. Super tax applicable on the Company is also calculated as per applicable tax rates as per the Income Tax Ordinance, 2001.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

Current tax for current and prior periods, to the extent unpaid, is recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an

The Company offsets current tax assets and current tax liabilities if, and only if, it has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **Deferred tax**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax losses and tax credits can be utilized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax is calculated at rates that are expected to apply to the period when the differences reverse based on the tax rates and tax laws that have been enacted or have been notified for subsequent enactment by the reporting date.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit (tax loss) of the periods in which temporary differences are expected to reverse.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### **3.9 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company.

### **3.10 Revenue recognition**

Revenue is recognized when performance obligation is satisfied by applying following five steps of revenue

- i) Identify the contract with a customer.
- ii) Identify the performance obligation in the contract.
- iii) Determine the transaction price of the contract.
- iv) Allocate the transaction price to each of the separate performance obligations in the contract.
- v) Recognize the revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognized at a point in time, when the Company satisfies performance obligations by transferring the promised goods to its customers and when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Control is transferred to the customer on dispatch of goods and transaction price is fixed and decided mostly through tendering process. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). The contracts do not contain right of return as the goods are dispatched to customer after their inspection, and customer inspection process. The Company does not offer volume discount as price is agreed through tendering.

### **3.11 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**3.11.1 Financial assets**

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

***Classification***

Financial assets are classified into one of three categories: at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss. Currently, the Company classifies its financial assets at amortized cost, except for short-term investments, which are classified as financial assets at fair value through profit or loss. This classification is based on the Company's business model for managing its financial assets and the contractual cash flow characteristics of the financial assets. Management determines the classification of financial assets at the time of initial recognition.

***Initial recognition and measurement***

Except for trade receivables, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss.

Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15.

***Subsequent measurement***

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the profit or loss.

***Derecognition***

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired. The difference between the carrying amount and the consideration received is recognized in profit or loss.

***Impairment of financial assets***

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

**3.11.2 Financial liabilities*****a) Initial recognition and measurement***

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include trade and other payables, loans or borrowings and accrued mark up etc.

***b) Subsequent measurement***

The Company measures its financial liabilities subsequently at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the profit or loss. Difference between carrying amount and consideration paid is recognized in the profit or loss when the liabilities are derecognized.

**3.11.3 Off-setting of financial assets and financial liabilities**

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

### 3.12 Related party transactions

Transactions in relation to sales, purchases and services to / from related parties are made at arm's length prices determined in accordance with the Company's policy except for the allocation of expenses such as utilities, rental and common overheads shared with related parties, which are on actual basis. Amounts due to and due from related party are shown in respective notes to the financial statements.

### 3.13 Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on fixed assets that offset available revaluation surplus are charged against this surplus, all other impairment losses are charged to the profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date. Where impairment loss is recognized, the depreciation / amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

### 3.14 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Company has access at that date. There are three levels which are as under:

#### **Level 1**

The Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

#### **Level 2**

When there is no quoted price in an active market, the Company determines transaction price by applying valuation techniques. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received.

#### **Level 3**

If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Note 4

### **Summary of Other Accounting Policies**

Other than material accounting policies applied in the preparation of these financial statements are set out below for ease of user's understanding of these financial statements. These policies have been applied consistently for all periods presented, unless otherwise stated.

#### **4.1 Dividend**

Dividends are recognized as a liability in the period in which these are approved. However, if they are approved after the reporting period but before the financial statements are authorized for issue they are disclosed in the notes to financial statements.

#### **4.2 Contingent liabilities**

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

## Note 5

**Issued, Subscribed and Paid up Share Capital**

| 2026             | 2025       |                                                   | 2026        | 2025        |
|------------------|------------|---------------------------------------------------|-------------|-------------|
| Number of Shares |            |                                                   | Rupees      | Rupees      |
| 36,000,000       | 36,000,000 | Ordinary shares of Rs. 10 each fully paid in cash | 360,000,000 | 360,000,000 |

- 5.1** No shares were issued or cancelled during the year.
- 5.2** All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.
- 5.3** There are no agreements with shareholders for any specific voting rights, board selection, rights of first refusal and block voting etc.

## Note 6

**Revaluation Surplus on Property, Plant and Equipment - net of tax**

|                                                                                                   | 2026          | 2025          |
|---------------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                                   | Rupees        | Rupees        |
| Land - freehold                                                                                   | 446,165,197   | 446,165,197   |
| Building on freehold land - factory                                                               | 241,310,840   | 268,123,156   |
| Building on freehold land - residential                                                           | 53,828,527    | 56,661,607    |
| Plant and machinery                                                                               | 477,166,359   | 530,184,844   |
| Transferred to retained earnings in respect of net incremental depreciation - net of deferred tax | (74,539,146)  | (82,663,881)  |
| Effect of change in rate                                                                          | 21,915,253    | -             |
| Closing balance - net of tax                                                                      | 1,165,847,030 | 1,218,470,923 |

- 6.1** The surplus on revaluation of property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.
- 6.2** Incremental depreciation charged on revalued property, plant, and equipment has been transferred to retained earnings to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between actual depreciation based on the asset's revalued carrying amount and equivalent depreciation based on the asset's original carrying amount.
- 6.3** This represents surplus over book value resulting from the revaluation of land, buildings, and plant and machinery, adjusted by incremental depreciation arising on revaluation of the above-mentioned assets and related deferred tax assets, except freehold land, which is presented at revalued amount. The latest revaluation was carried out by an independent valuer as on June 30, 2024, using current market price / replacement cost methods, wherever applicable for the respective assets.

## Note 7

**Deferred Tax Liability**

|                        |      | 2026        | 2025        |
|------------------------|------|-------------|-------------|
|                        | Note | Rupees      | Rupees      |
| Deferred tax liability | 7.1  | 433,018,200 | 485,109,589 |

**7.1 Breakup of Deferred tax liability****Taxable temporary differences**

|                                                           |             |             |
|-----------------------------------------------------------|-------------|-------------|
| - Accelerated tax depreciation                            | 140,776,614 | 154,650,039 |
| - Surplus on revaluation of property, plant and equipment | 306,909,262 | 339,686,422 |

### Deductible temporary differences

|                                          |                    |                    |
|------------------------------------------|--------------------|--------------------|
| - Provision for Post employment benefits | (9,680,164)        | (6,103,436)        |
| - Provision for doubtful debts           | (286,267)          | (235,492)          |
| - Workers' (Profit) Participation Fund   | (1,139,476)        | -                  |
| - Workers' Welfare Fund                  | (3,561,769)        | (2,887,944)        |
|                                          | <b>433,018,200</b> | <b>485,109,589</b> |

### 7.2 Reconciliation of deferred tax liabilities / (assets) - Net

|                                                                               |                     |                    |
|-------------------------------------------------------------------------------|---------------------|--------------------|
| Opening balance                                                               | <b>485,109,589</b>  | 504,112,013        |
| Deferred tax income recognized in profit or loss during the year              | <b>(29,966,476)</b> | (18,145,254)       |
| Deferred tax expense during the year recognised in other comprehensive income | <b>(209,660)</b>    | (857,170)          |
| Effect of change in tax rate                                                  | <b>(21,915,253)</b> | -                  |
| Tax credit utilized                                                           | -                   | -                  |
| Closing balance                                                               | <b>433,018,200</b>  | <b>485,109,589</b> |

Deferred tax assets / liabilities on temporary differences are measured at effective rate of 29% (2025: 31%).

### 7.3 Analysis of change in deferred tax

|                                               | Statement of Financial Position |                    | Statement of Profit or Loss |                     |
|-----------------------------------------------|---------------------------------|--------------------|-----------------------------|---------------------|
|                                               | 2026                            | 2025               | 2026                        | 2025                |
|                                               | ----- Rupees -----              |                    | ----- Rupees -----          |                     |
| <b>Deferred Tax Liability / (Asset)</b>       |                                 |                    |                             |                     |
| Accelerated tax depreciation                  | 140,776,614                     | 154,650,039        | (13,873,425)                | 12,475,388          |
| Revaluation of property, plant and equipment  | 306,909,262                     | 339,686,422        | (10,861,907)                | (36,349,388)        |
| Staff retirement benefits - unfunded gratuity | (9,680,164)                     | (6,103,436)        | (3,367,068)                 | 2,550,550           |
| Provision for doubtful debts                  | (286,267)                       | (235,492)          | (50,775)                    | 86,784              |
| Workers' (Profit) Participation Fund          | (1,139,476)                     | -                  | (1,139,476)                 | 4,161,899           |
| Workers' Welfare Fund                         | (3,561,769)                     | (2,887,944)        | (673,825)                   | (1,070,487)         |
|                                               | <b>433,018,200</b>              | <b>485,109,589</b> | <b>(29,966,476)</b>         | <b>(18,145,254)</b> |

7.4 Deferred tax asset on deductible temporary differences arising due to minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 has not been recognised as sufficient taxable profits would not be available for adjustment / utilisation in the foreseeable future. The minimum tax would expire as follows:

| Accounting year to which minimum tax relates | Amount of minimum tax | Accounting year in which minimum tax will expire |
|----------------------------------------------|-----------------------|--------------------------------------------------|
|                                              | ----- Rupees -----    |                                                  |
| 2024                                         | 17,471,447            | 2027                                             |
| 2025                                         | 41,083,152            | 2028                                             |
| 2026                                         | 54,740,899            | 2029                                             |

## Note 8

**Post Employment Benefits**

|                           |             | <b>2026</b>       | <b>2025</b>       |
|---------------------------|-------------|-------------------|-------------------|
|                           | <b>Note</b> | <b>Rupees</b>     | <b>Rupees</b>     |
| Staff gratuity - unfunded | <b>8.1</b>  | <b>33,379,877</b> | <b>19,688,502</b> |

**8.1 Post employment benefit obligations**

The Company maintains a defined benefit plan and operates an unfunded gratuity scheme covering its permanent employees, subject to completion of a minimum prescribed period of service. Actuarial valuation of the scheme is carried out by an independent actuary, and the latest actuarial valuation was carried out as at June 30, 2026. Actuarial valuation estimates are based on assumption on anticipation of future salary increase, mortality and inflation rates. On the basis of the information included in the latest actuarial report, the actuarial valuation of the scheme has resulted in post-employment benefit obligations in current year as presented in the following notes:

**8.2 Movement in the present value of defined benefit obligations:**

|                                                        | <b>Note</b> | <b>2026</b>        | <b>2025</b>   |
|--------------------------------------------------------|-------------|--------------------|---------------|
|                                                        |             | <b>Rupees</b>      | <b>Rupees</b> |
| Opening balance                                        |             | <b>19,688,502</b>  | 25,151,018    |
| Current service cost for the year                      |             | <b>16,818,350</b>  | 14,207,717    |
| Past service cost                                      |             | <b>1,439,015</b>   | 1,558,663     |
| Interest cost on defined benefit obligations           |             | <b>1,891,545</b>   | 1,806,957     |
| Benefits paid during the year                          |             | <b>(7,180,500)</b> | (25,800,918)  |
| Actuarial loss from changes in demographic assumptions |             | -                  | 800,812       |
| Actuarial loss from changes in financial assumptions   |             | -                  | 1,104,214     |
| Experience adjustment                                  |             | <b>722,965</b>     | 860,039       |
| Closing balance                                        |             | <b>33,379,877</b>  | 19,688,502    |

**8.3 Company's liability**

|                                                         |                    |              |
|---------------------------------------------------------|--------------------|--------------|
| Opening balance                                         | <b>19,688,502</b>  | 25,151,018   |
| Expense chargeable to profit or loss                    | <b>20,148,910</b>  | 17,573,337   |
| Benefits paid to outgoing employees                     | <b>(7,180,500)</b> | (25,800,918) |
| Remeasurements chargeable in other comprehensive income | <b>722,965</b>     | 2,765,065    |
| Closing balance                                         | <b>33,379,877</b>  | 19,688,502   |

**8.4 The amounts recognized in the statement of profit or loss are as follows:**

|                                              |                   |            |
|----------------------------------------------|-------------------|------------|
| Current service cost                         | <b>16,818,350</b> | 14,207,717 |
| Past service cost                            | <b>1,439,015</b>  | 1,558,663  |
| Interest cost on defined benefit obligations | <b>1,891,545</b>  | 1,806,957  |
|                                              | <b>20,148,910</b> | 17,573,337 |

**8.5 Remeasurements chargeable in other comprehensive income:**

|                                                        |                |           |
|--------------------------------------------------------|----------------|-----------|
| Actuarial loss from changes in financial assumptions   | -              | 1,104,214 |
| Actuarial loss from changes in demographic assumptions | -              | 800,812   |
| Experience adjustment                                  | <b>722,965</b> | 860,039   |
|                                                        | <b>722,965</b> | 2,765,065 |

## 8.6 The charge for the year has been allocated as follows:

|                                |             |                   |                   |
|--------------------------------|-------------|-------------------|-------------------|
| Cost of sales                  | <b>23.3</b> | <b>15,832,310</b> | 8,435,202         |
| Selling and distribution costs | <b>24.1</b> | <b>1,520,258</b>  | 3,690,401         |
| Administrative expenses        | <b>25.3</b> | <b>2,796,342</b>  | 5,447,734         |
|                                |             | <b>20,148,910</b> | <b>17,573,337</b> |

## 8.7 Year end sensitivity analysis on defined benefit obligations

Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in defined benefit obligations as stated below:

|                           |                   |            |
|---------------------------|-------------------|------------|
| Discount rate + 100 bps   | <b>32,835,878</b> | 19,368,517 |
| Discount rate - 100 bps   | <b>33,946,521</b> | 20,021,847 |
| Salary increase + 100 bps | <b>34,088,204</b> | 20,104,470 |
| Salary increase - 100 bps | <b>32,688,338</b> | 19,282,445 |

## 8.8 The sensitivity analysis as above, have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the year end.

The Company does not have any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

|                                              | <b>2026</b>       | <b>2025</b>       | <b>2024</b>       | <b>2023</b>       | <b>2022</b>       |
|----------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                              | Rupees            | Rupees            | Rupees            | Rupees            | Rupees            |
| Present value of defined benefit obligations | 33,379,877        | 19,688,502        | 25,151,018        | 10,650,923        | 33,253,219        |
| Fair value of plan assets                    | -                 | -                 | -                 | -                 | -                 |
| Net liability                                | <b>33,379,877</b> | <b>19,688,502</b> | <b>25,151,018</b> | <b>10,650,923</b> | <b>33,253,219</b> |

## 8.9 Estimated charge for the future period:

|                                              | <b>2027</b> |
|----------------------------------------------|-------------|
|                                              | Rupees      |
| Current service cost                         | 17,409,881  |
| Interest cost on defined benefit obligations | 2,864,331   |

The latest actuarial valuation of the Company's defined benefit plan was conducted at June 30, 2026 using 'Projected Unit Credit' method, based on the following significant assumptions:

|                                                    |           | <b>2026</b>                      | <b>2025</b> |
|----------------------------------------------------|-----------|----------------------------------|-------------|
| Discount rate for year end obligation              | Per annum | <b>11.75%</b>                    | 11.75%      |
| Discount rate for interest cost in profit or loss  | Per annum | <b>11.75%</b>                    | 14.75%      |
| Retirement assumption                              | Years     | <b>60</b>                        | 60          |
| Average duration of the defined benefit obligation | Years     | <b>2</b>                         | 2           |
| Mortality rate                                     |           | SLIC (2001-2005) Mortality Table |             |

## 8.10 Maturity profile

|                 | <b>2026</b>       | <b>2025</b> |
|-----------------|-------------------|-------------|
|                 | Rupees            | Rupees      |
| 1 year          | <b>18,005,188</b> | 10,200,546  |
| 2 year          | <b>15,980,537</b> | 9,268,072   |
| 3 year          | <b>13,605,383</b> | 7,200,946   |
| 4 year          | <b>10,061,691</b> | 5,856,554   |
| 5 year          | <b>7,571,108</b>  | 4,382,070   |
| 6 - 10 years    | <b>16,681,429</b> | 9,641,512   |
| Beyond 10 years | <b>3,404,171</b>  | 2,007,113   |

**8.11** The Company faces the following risks on account of staff gratuity scheme:

- **Final Salary Risk** – the risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary, which will closely reflect inflation and other macroeconomic factors, the benefit amount increases as salary increases.

- **Mortality Risk** - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- **Withdrawal Risk** - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

## Note 9

**Trade and Other Payables**

|                                                |             | <b>2026</b>        | <b>2025</b>   |
|------------------------------------------------|-------------|--------------------|---------------|
|                                                | <b>Note</b> | <b>Rupees</b>      | <b>Rupees</b> |
| Trade creditors - unsecured                    |             | <b>39,716,156</b>  | 5,764,231     |
| Accrued liabilities                            | <b>9.1</b>  | <b>195,667,604</b> | 162,085,694   |
| Contract liabilities                           | <b>9.2</b>  | <b>10,529,787</b>  | 2,929,468     |
| Security deposits                              | <b>9.3</b>  | <b>70,100,641</b>  | 15,003,000    |
| Unclaimed Workers' (Profit) Participation Fund |             | <b>13,850,395</b>  | 13,512,986    |
| Workers' (Profit) Participation Fund           | <b>9.4</b>  | <b>3,929,227</b>   | -             |
| Workers' Welfare Fund                          | <b>9.5</b>  | <b>12,281,963</b>  | 9,315,949     |
| Other payables                                 |             | <b>20,182</b>      | 3,381         |
|                                                |             | <b>346,095,955</b> | 208,614,709   |

**9.1** This includes provision for Gas Infrastructure Development Cess (GIDC) amounting to Rs. 37,168,433 (2025: Rs. 37,168,433). The Company is contesting this levy with relevant authorities and judicial forums.

**9.2** An amount of Rs. 798,808 (2025: Rs. 1,468,123) was recognized in revenue from opening balance of contract liabilities.

**9.3** This represents security deposits obtained from brokers whom the Company has assessed may not be in a position to settle their obligations in the normal course of business.

**9.4 Workers' (Profit) Participation Fund**

|                                     |           |                  |              |
|-------------------------------------|-----------|------------------|--------------|
| Opening balance                     |           | -                | 13,425,481   |
| Add: Provision for the year         | <b>26</b> | <b>3,929,227</b> | -            |
| Less: Payments made during the year |           | -                | (13,425,481) |
| Closing balance                     |           | <b>3,929,227</b> | -            |

**9.5 Workers' Welfare Fund**

|                                     |           |                   |              |
|-------------------------------------|-----------|-------------------|--------------|
| Opening balance                     |           | <b>9,315,949</b>  | 20,278,560   |
| Add: Provision for the year         | <b>26</b> | <b>2,966,014</b>  | 522,944      |
| Less: Payments made during the year |           | -                 | (11,485,555) |
| Closing balance                     |           | <b>12,281,963</b> | 9,315,949    |

Note 10

**Short Term Borrowings**

|                 |             | <b>2026</b>   | <b>2025</b>        |
|-----------------|-------------|---------------|--------------------|
|                 | <b>Note</b> | <b>Rupees</b> | Rupees             |
| Running finance | <b>10.1</b> | <b>-</b>      | <b>240,000,000</b> |

- 10.1** The Company obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 2,335 million (2025: Rs. 2,335 million) towards working capital requirements and for retirement of local and foreign LCs. These facilities shall expire on various dates. Markup on these facilities is charged from 1 to 6 months KIBOR plus a spread of 1% to 1.5% (2025: 1 to 6 months KIBOR plus a spread of 0.85% to 1.50%) payable monthly, quarterly, and semi annually. The aggregate short term finances are secured by a ranking and hypothecation charge on certain fixed assets, current assets, and stocks of the Company, a lien over import documents and personal guarantee of sponsoring directors of the Company. Funded and unfunded facilities yet to be utilized is Rs. 2,261.35 million (2025: Rs. 2,095 million).

Note 11

**Provision for Income Tax**

|                                              | <b>2026</b>         | <b>2025</b>       |
|----------------------------------------------|---------------------|-------------------|
|                                              | <b>Rupees</b>       | Rupees            |
| Opening balance                              | <b>72,698,717</b>   | 89,720,265        |
| Add: Charge for the year                     | <b>54,741,265</b>   | 44,620,796        |
| Less: Payments / adjustments during the year | <b>(76,201,849)</b> | (61,642,344)      |
|                                              | <b>51,238,133</b>   | <b>72,698,717</b> |

Note 12

**Contingencies and Commitments**

**12.1 Contingencies**

- (i) In respect of Tax Year 2014, the Deputy Commissioner Inland Revenue (DCIR) amended the deemed assessment of the Company and raised the tax demand amounting to Rs. 781,049 on account of alleged inadmissibility of salary paid to some employees through cash, Hajj expense included in entertainment expense which are disallowed and short deduction of withholding tax on office rent. The Commissioner Inland Revenue, Appeals [CIR(A)] also upheld the view of the Department to the extent of partial amounts, for which the Company has preferred appeal before the Appellate Tribunal Inland Revenue (ATIR) for remaining items, which is pending adjudication. The Company expects favorable outcome and accordingly no provision has been recorded in these financial statements.
- (ii) In respect of tax year 2015, the DCIR issued the notice for rectification dated June 8, 2015 under section 221 of the Income Tax Ordinance, 2001 and raised a demand of Rs. 4,614,372 for an alleged mistake in calculating the tax liability; on the basis of mistake being apparent from record and requiring rectification. On appeal, the CIR(A) remanded the case back to the Department. However, the name of the Company was selected for tax audit for the tax year 2015, and in pursuance thereof, the DCIR amended the deemed assessment for that tax year by passing order dated June 26, 2021 and creating tax demand of Rs. 8,446,107. The Company has filed appeal before the CIR(A) against this order. The Appeal is heard and the CIR(A) remanded the case back to the department. The Company has filed appeal before ATIR. The appeal is pending adjudication. The Company expects favorable outcome based on the opinion of legal advisor, therefore no provision has been recorded in these financial statements.

- (iii) In respect of tax year 2016, an order dated June 28, 2022 u/s 161 was passed by the DCIR and raised tax demand amounting to Rs. 55,818,171. On appeal, the CIR (A) remanded the case back to the department vide order dated August 04, 2022 against which the Company filed an appeal before ATIR on August 12, 2022. The appeal is pending adjudication. The Company expects favourable outcome hence no provision has been recorded in these financial statements.
- (iv) In respect of tax year 2019, The DCIR passed an order 161 (1A) tax year 2019 dated November 28, 2025, creating a tax liability of Rs. 6,999,628 along with default surcharge of Rs. 3,000,404 against the Company. Being aggrieved by the said order, the Company filed an appeal before the Commissioner Inland Revenue (Appeals) on December 27, 2025. The Commissioner (Appeals), vide order dated 25 March 2026, reduced the tax liability to Rs. 2,058,150 and remanded the matter to the DCIR for recalculation of the tax liability and consequential default surcharge. The Company, being dissatisfied with the order of the Commissioner (Appeals), filed an appeal before the (ATIR) on April 20, 2026. The appeal is presently pending before the ATIR and the Company is awaiting fixation of the hearing date. Based on the grounds of appeal, the company expects a favourable outcome from the ATIR, hence no provision has been recorded in these financial statements
- (v) In respect of tax year 2020, The DCIR, vide order dated 30 June 2026 under Section 161(1A) tax year 2020, raised a tax liability of Rs. 5,645,208 along with default surcharge of Rs. 3,721,198 against the Company. The Company, being aggrieved by the said order, filed an appeal before Appeal on July 22, 2026. The appeal is pending adjudication and the Company is awaiting fixation of the hearing date. Based on the merits of the case and legal advice, management expects a favourable outcome, hence no provision has been recorded in these financial statements.
- (vi) In respect of tax year 2022, the DCIR passed an order dated June 10, 2026 relating to the default surcharge on Super Tax for Tax Year 2022. Being aggrieved by the said order, the Company filed an appeal before the CIR (A) on June 29, 2026. The Commissioner (Appeals), vide order dated July 28, 2026, remanded the matter to the DCIR for further proceedings. The Company, being dissatisfied with the said order, Company is preparing an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of the Commissioner (Appeals).

## 12.2 Commitments

|                                         | <b>2026</b>       | <b>2025</b> |
|-----------------------------------------|-------------------|-------------|
|                                         | <b>Rupees</b>     | Rupees      |
| Capital expenditure - Solar Power Plant | <b>84,492,800</b> | -           |

## 12.3 Guarantees

The Company is liable for bank guarantees arranged from different banks amounting to Rs. 73.65 million (2025: Rs. 73.65 million) that have been issued in favour of the following:

|                                         |                   |            |
|-----------------------------------------|-------------------|------------|
| Sui Northern Gas Pipelines Limited      | <b>52,650,000</b> | 52,650,000 |
| Excise and Taxation Department, Karachi | <b>21,000,000</b> | 21,000,000 |
|                                         | <b>73,650,000</b> | 73,650,000 |

### Property, Plant and Equipment

35

**13.2** Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

| Location / Address                                                           | Usage of Immovable Property                                   | Total Area (Sq. ft.) | Covered Area (Sq. ft.) |
|------------------------------------------------------------------------------|---------------------------------------------------------------|----------------------|------------------------|
| 36-A Lawrence Road, Lahore<br>1.5 km Habibabad in the Kasur district, Punjab | Head Office / Registered Office<br>Production Plant / Factory | 18,404<br>1,135,282  | 13,920<br>412,793      |

**13.3 Apportionment of depreciation charge for the year**

Depreciation charge for the year has been apportioned as follows:

|                                | Note | 2026<br>Rupees     | 2025<br>Rupees     |
|--------------------------------|------|--------------------|--------------------|
| Cost of sales                  | 23   | 115,626,851        | 120,925,642        |
| Selling and distribution costs | 24   | 1,124,585          | 1,218,439          |
| Administrative expenses        | 25   | 4,498,342          | 4,873,757          |
|                                |      | <u>121,249,778</u> | <u>127,017,838</u> |

**13.4** As per the valuation report of independent valuer as of June 30, 2024, the management believes that these values approximate to the values as on June 30, 2024. The forced sales value is as per the following:

|                        | Market Value         | Forced Sale<br>Factor | Forced Sales<br>Value |
|------------------------|----------------------|-----------------------|-----------------------|
| Land - Head Office     | 371,800,000          | 15%                   | 316,030,000           |
| Land - Factory         | 187,650,000          | 20%                   | 150,120,000           |
| Plant and Machinery    | 1,184,210,625        | 20%                   | 947,368,500           |
| Building - Factory     | 421,270,900          | 20%                   | 337,016,720           |
| Building - Head Office | 96,602,600           | 15%                   | 82,112,210            |
|                        | <u>2,261,534,125</u> |                       | <u>1,832,647,430</u>  |

**13.5** Had there been no revaluation, book values of revalued assets would have been as follows:

|                           | 2026<br>Rupees     | 2025<br>Rupees     |
|---------------------------|--------------------|--------------------|
| Freehold Land             | 113,284,803        | 113,284,803        |
| Building on Freehold Land | 64,916,349         | 58,234,393         |
| Plant and machinery       | 485,036,515        | 462,009,138        |
|                           | <u>663,237,667</u> | <u>633,528,334</u> |

**13.6** The following methods and assumptions were used to estimate the fair values and the significant inputs used in the fair value measurements categorized within Level 2 of the fair value hierarchy, together with a quantitative sensitivity analysis are as shown below:

| Description                            | Valuation Technique             | Significant Observable Inputs                                                                                                                             | Range (weighted average)        |
|----------------------------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| Land, building and Plant and machinery | Sales value comparison approach | Market enquiries and survey as per kanal/marla for land rates, per square foot rates for building and Market enquiries and survey for plant and machinery | Reasonable fair value estimates |

There are no level 1 and level 3 assets or any transfers between levels 1, 2 and 3 during the year.

**13.7 Detail of disposals - 2026**

| Asset           | Cost<br>Rupees   | Carrying amount<br>Rupees | Sale Price<br>Rupees | Gain<br>Rupees   | Particulars of<br>the Purchaser | Mode of<br>Disposal | Relationship with the<br>Purchaser |
|-----------------|------------------|---------------------------|----------------------|------------------|---------------------------------|---------------------|------------------------------------|
| <b>Vehicles</b> |                  |                           |                      |                  |                                 |                     |                                    |
| Honda Civic     | 1,713,680        | 458,580                   | 1,900,000            | 1,441,420        | Gigi Motors                     | Negotiation         | Third Party                        |
|                 | <u>1,713,680</u> | <u>458,580</u>            | <u>1,900,000</u>     | <u>1,441,420</u> |                                 |                     |                                    |

**13.8** As detailed in note 10, certain assets from property, plant and equipment have been pledged as security against funded and unfunded facilities obtained from financial institutions.

**13.9 Capital work in progress**

|                                | 2026<br>Rupees    | 2025<br>Rupees   |
|--------------------------------|-------------------|------------------|
| Opening balance                | 8,000,000         | -                |
| Additions during the year      | 108,099,011       | 8,000,000        |
| Capitalization during the year | (93,617,550)      |                  |
| Closing balance                | <u>22,481,461</u> | <u>8,000,000</u> |

**13.9.1** Capital work in progress represents the purchase of solar panels for onward installation.

Note 14

**Long Term Deposits**

|                                         |      | 2026             | 2025             |
|-----------------------------------------|------|------------------|------------------|
|                                         | Note | Rupees           | Rupees           |
| Excise and Taxation Department, Karachi | 14.1 | 5,250,200        | 5,250,200        |
| Bank guarantee margin                   |      | 662,500          | 662,500          |
| Security deposit                        |      | 3,720,660        | 3,720,660        |
|                                         |      | <b>9,633,360</b> | <b>9,633,360</b> |

- 14.1** This represents the funded bank guarantee in the name of Excise and Taxation Department related to 1.25% infrastructure cess under the Sindh Finance Act, 1994 lawful, Karachi, on the direction of the Honorable High Court of Sindh for releasing imported goods.

Note 15

**Stores and Spares**

|                |      | 2026              | 2025              |
|----------------|------|-------------------|-------------------|
|                | Note | Rupees            | Rupees            |
| Stores in hand |      | 6,957,520         | 8,049,855         |
| Spares         | 15.1 | 84,270,784        | 88,860,849        |
|                |      | <b>91,228,304</b> | <b>96,910,704</b> |

**15.1 Movement in provision for slow moving items**

|                                   |           |         |
|-----------------------------------|-----------|---------|
| Opening balance                   | 905,964   | -       |
| Charged during the year           | -         | 905,964 |
| Less: written off during the year | (905,964) | -       |
| Closing balance                   | -         | 905,964 |

Note 16

**Stock in Trade**

|                 |      | 2026               | 2025               |
|-----------------|------|--------------------|--------------------|
|                 | Note | Rupees             | Rupees             |
| Raw materials   | 16.1 | 113,216,144        | 344,283,871        |
| Work in process |      | 27,268,274         | 28,836,670         |
| Finished goods  | 16.2 | 57,697,594         | 431,323,292        |
|                 |      | <b>198,182,012</b> | <b>804,443,833</b> |

- 16.1** During the year, the Company has written down raw materials to net realizable value (NRV) amounting to Rs. 8.26 million, which is recognized as an expense in cost of sales.

- 16.2** Finished goods comprised of

|         |                   |                    |
|---------|-------------------|--------------------|
| - Yarn  | 52,047,951        | 427,030,925        |
| - Waste | 5,649,643         | 4,292,367          |
|         | <b>57,697,594</b> | <b>431,323,292</b> |

Note 17

**Trade Receivables**

|                                         |      | 2026               | 2025             |
|-----------------------------------------|------|--------------------|------------------|
|                                         | Note | Rupees             | Rupees           |
| Local (Unsecured - considered good)     |      | 196,204,365        | 655,417          |
| Local (Unsecured - considered doubtful) |      | 987,127            | 759,652          |
|                                         |      | <b>197,191,492</b> | <b>1,415,069</b> |
| Less: Expected credit loss allowance    | 17.1 | (987,127)          | (759,652)        |
|                                         |      | <b>196,204,365</b> | <b>655,417</b>   |

| <b>17.1 Movement in expected credit loss allowance</b> | <b>Note</b> | <b>2026<br/>Rupees</b> | <b>2025<br/>Rupees</b> |
|--------------------------------------------------------|-------------|------------------------|------------------------|
| Opening balance                                        |             | <b>759,652</b>         | 1,039,601              |
| Provision for the year                                 | <b>26</b>   | <b>227,475</b>         | 246,685                |
|                                                        |             | <b>987,127</b>         | 1,286,286              |
| Less: Balances written off                             |             | -                      | (526,634)              |
|                                                        |             | <b>987,127</b>         | 759,652                |

Note 18

**Short Term Investments**

|                                                                  | <b>2026<br/>Rupees</b> | <b>2025<br/>Rupees</b> |
|------------------------------------------------------------------|------------------------|------------------------|
| National Investment Trust - at fair value through profit or loss | <b>15,888</b>          | 14,796                 |

Note 19

**Loans and Advances**

|                                                           | <b>Note</b> | <b>2026<br/>Rupees</b> | <b>2025<br/>Rupees</b> |
|-----------------------------------------------------------|-------------|------------------------|------------------------|
| Advances to suppliers (Unsecured - considered good)       |             | <b>757,739</b>         | 750,569                |
| Short term loans to employees (Secured - considered good) | <b>19.1</b> | <b>167,100</b>         | 25,000                 |
| Advances to employees against salaries                    | <b>19.2</b> | <b>241,000</b>         | 93,000                 |
|                                                           |             | <b>1,165,839</b>       | 868,569                |

**19.1** This represents interest-free loans given to employees as per the Company's policy. These loans are recoverable from salary in monthly installments and are secured against employees' retirement benefit balances.

**19.2** No advance has been given to the Chief Executive Officer or any Director of the Company.

**19.3** The maximum aggregate amount of loans to employees at the end of any month during the year was Rs. 155,000 (2025: Rs. 512,500).

Note 20

**Tax refund due from Government**

|                                        | <b>2026<br/>Rupees</b> | <b>2025<br/>Rupees</b> |
|----------------------------------------|------------------------|------------------------|
| Tax deducted at source and advance tax | <b>61,266,308</b>      | 65,507,633             |

Note 21

**Cash and Bank Balances**

|                      | <b>Note</b> | <b>2026<br/>Rupees</b> | <b>2025<br/>Rupees</b> |
|----------------------|-------------|------------------------|------------------------|
| Cash in hand         |             | <b>293,684</b>         | 442,937                |
| Balances with banks: |             |                        |                        |
| - Current accounts   |             | <b>474,450</b>         | 352,175                |
| - Savings accounts   | <b>21.1</b> | <b>807,662,044</b>     | 473,157,116            |
|                      |             | <b>808,430,178</b>     | 473,952,228            |

**21.1** The rate of return on savings accounts ranges from 5.50% to 10.50% (2025: 5.87% to 20.5%) per annum.

Note 22  
**Sales**

|                 | 2026<br>Rupees       | 2025<br>Rupees |
|-----------------|----------------------|----------------|
| Yarn            | 5,032,613,959        | 4,104,646,783  |
| Waste           | 134,926,950          | 107,556,361    |
|                 | <b>5,167,540,909</b> | 4,212,203,144  |
| Less: Sales tax | <b>(788,268,954)</b> | (642,539,463)  |
|                 | <b>4,379,271,955</b> | 3,569,663,681  |

**22.1** Revenue is recognized at a point in time.

Note 23  
**Cost of Sales**

|                                        | Note | 2026<br>Rupees       | 2025<br>Rupees |
|----------------------------------------|------|----------------------|----------------|
| Raw material consumed                  | 23.1 | 2,827,339,949        | 2,896,470,962  |
| Stores and spares consumed             | 23.2 | 101,667,460          | 125,122,665    |
| Salaries, wages and other benefits     | 23.3 | 275,902,134          | 258,423,836    |
| Insurance                              |      | 1,661,726            | 882,245        |
| Fuel and power                         |      | 446,024,409          | 549,059,545    |
| Depreciation                           | 13.3 | 115,626,851          | 120,925,642    |
| Utilities and communication            |      | 265,047              | 311,883        |
| Repair and maintenance                 |      | 5,184,438            | 8,606,360      |
| Fee and subscription                   |      | 2,165,774            | 1,891,729      |
| Rent, rates and taxes                  |      | 56,140               | 79,848         |
| Travelling and conveyance              |      | 184,360              | 119,637        |
| Entertainment                          |      | 1,918,502            | 1,655,378      |
| Other manufacturing expenses           |      | 395,659              | 457,562        |
|                                        |      | <b>3,778,392,449</b> | 3,964,007,292  |
| Work in progress:                      |      |                      |                |
| - Opening stock                        |      | 28,836,670           | 22,707,962     |
| - Closing stock                        | 16   | (27,268,274)         | (28,836,670)   |
|                                        |      | <b>1,568,396</b>     | (6,128,708)    |
| Cost of goods manufactured             |      | <b>3,779,960,845</b> | 3,957,878,584  |
| Finished goods:                        |      |                      |                |
| - Opening stock                        |      | 431,323,292          | 34,128,491     |
| - Closing stock                        | 16   | (57,697,594)         | (431,323,292)  |
|                                        |      | <b>373,625,698</b>   | (397,194,801)  |
| Cost of goods sold                     |      | <b>4,153,586,543</b> | 3,560,683,783  |
| <b>23.1 Raw material consumed</b>      |      |                      |                |
| Opening balance                        |      | 344,283,871          | 318,949,894    |
| Purchases                              |      | 2,596,272,222        | 2,921,804,939  |
|                                        |      | <b>2,940,556,093</b> | 3,240,754,833  |
| Less: Closing balance                  | 16   | (113,216,144)        | (344,283,871)  |
| Raw material consumed                  |      | <b>2,827,339,949</b> | 2,896,470,962  |
| <b>23.2 Stores and spares consumed</b> |      |                      |                |
| Opening balance                        |      | 97,816,668           | 104,068,115    |
| Purchases                              |      | 95,079,096           | 118,871,218    |
|                                        |      | <b>192,895,764</b>   | 222,939,333    |
| Less: Closing balance                  | 15   | (91,228,304)         | (97,816,668)   |
| Stores and spares consumed             |      | <b>101,667,460</b>   | 125,122,665    |

**23.3** This includes Rs. 15,832,310 (2025: Rs. 8,435,202) in respect of post employment benefits.

## Note 24

**Selling and Distribution Costs**

|                                 |      | 2026              | 2025              |
|---------------------------------|------|-------------------|-------------------|
|                                 | Note | Rupees            | Rupees            |
| Salaries and other benefits     | 24.1 | 17,224,250        | 22,094,812        |
| Commission on sales             |      | 19,046,312        | 10,146,603        |
| Vehicle running and maintenance |      | 844,664           | 1,160,704         |
| Depreciation                    | 13.3 | 1,124,585         | 1,218,439         |
| Insurance                       |      | 77,258            | 161,388           |
| Miscellaneous expenses          |      | 173,217           | 256,499           |
|                                 |      | <b>38,490,286</b> | <b>35,038,445</b> |

**24.1** This includes Rs. 1,520,258 (2025: Rs. 3,690,401) in respect of post employment benefits.

## Note 25

**Administrative Expenses**

|                                 |      | 2026              | 2025              |
|---------------------------------|------|-------------------|-------------------|
|                                 | Note | Rupees            | Rupees            |
| Salaries and other benefits     | 25.1 | 37,759,189        | 42,333,678        |
| Postage and telephone           |      | 911,414           | 844,221           |
| Auditor's remuneration          | 25.2 | 759,022           | 692,446           |
| Rent, rates and taxes           |      | 550,931           | 378,519           |
| Electricity, gas and water      |      | 1,413,525         | 1,381,682         |
| Legal and professional          |      | 4,489,100         | 2,188,500         |
| Fee and subscription            |      | 859,303           | 1,055,490         |
| Entertainment                   |      | 1,445,590         | 1,368,282         |
| Repairs and maintenance         |      | 974,431           | 358,625           |
| Vehicle running and maintenance |      | 1,981,742         | 2,660,672         |
| Printing and stationery         |      | 369,106           | 499,789           |
| Depreciation                    | 13.3 | 4,498,342         | 4,873,757         |
| Insurance                       |      | 397,322           | 553,002           |
| Others                          | 25.3 | 1,519,219         | 1,258,339         |
|                                 |      | <b>57,928,236</b> | <b>60,447,002</b> |

**25.1** This includes Rs. 2,796,342 (2025: Rs. 5,447,734) in respect of post-employment benefits.

**25.2 Auditor's remuneration**

|                        |                |                |
|------------------------|----------------|----------------|
| Audit fee              | 675,000        | 640,446        |
| Out of pocket expenses | 52,000         | 52,000         |
|                        | <b>727,000</b> | <b>692,446</b> |

**25.3** This included information system charges amounting to Rs. 1,129,192 (2025: Rs. 1,052,652).

## Note 26

**Other Operating Expenses**

|                                                 |      | 2026             | 2025             |
|-------------------------------------------------|------|------------------|------------------|
|                                                 | Note | Rupees           | Rupees           |
| Provision for:                                  |      |                  |                  |
| - Workers' (Profit) Participation Fund          | 9.4  | 3,929,227        | -                |
| - Workers' Welfare Fund                         | 9.5  | 2,966,014        | 522,944          |
| - Slow moving stores                            |      | -                | 905,964          |
| Expected credit loss allowance on trade debtors | 17.1 | 227,475          | 246,685          |
|                                                 |      | <b>7,122,716</b> | <b>1,675,593</b> |

Note 27

**Other Income**

|                                                                          | 2026              | 2025              |
|--------------------------------------------------------------------------|-------------------|-------------------|
|                                                                          | Rupees            | Rupees            |
| Profit on savings accounts                                               | 14,291,218        | 60,586,481        |
| Gain on disposal of operating fixed assets                               | 1,441,420         | 1,379,528         |
| Dividend income                                                          | 1,463             | 1,829             |
| Unrealized gain on NIT Investment - at fair value through profit or loss | 53                | 41                |
|                                                                          | <b>15,734,154</b> | <b>61,967,879</b> |

Note 28

**Finance Costs**

|                                   | 2026              | 2025             |
|-----------------------------------|-------------------|------------------|
|                                   | Rupees            | Rupees           |
| Interest on short term borrowings | 64,936,620        | 8,269,272        |
| Bank charges and commission       | 1,479,883         | 775,894          |
|                                   | <b>66,416,503</b> | <b>9,045,166</b> |

Note 29

**Levies and Taxation**

|                     |      | 2026              | 2025              |
|---------------------|------|-------------------|-------------------|
|                     | Note | Rupees            | Rupees            |
| Current tax expense |      |                   |                   |
| Levies              | 29.1 | 12,613,709        | 44,620,796        |
| Taxation            | 29.2 | 34,861,929        | (18,145,254)      |
|                     |      | <b>47,475,638</b> | <b>26,475,542</b> |

**29.1 Levies**

|                 |        |                   |                   |
|-----------------|--------|-------------------|-------------------|
| Dividend income | 29.1.1 | 366               | -                 |
| Minimum tax     | 29.1.2 | 12,613,343        | 44,620,796        |
|                 |        | <b>12,613,709</b> | <b>44,620,796</b> |

**29.1.1** This represent final taxes paid on dividend income and minimum tax provision as per section 150 and section 113 of the Income Tax Ordinance, 2001 respectively, representing levy in line with the requirements of IFRIC 21 / IAS 37 and guide on IAS 12 issued by ICAP.

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

**29.2 Taxation**

|                        |                   |                     |
|------------------------|-------------------|---------------------|
| Income Tax             | 42,127,556        | -                   |
| Prior year adjustments | 22,700,849        | -                   |
|                        | <b>64,828,405</b> | -                   |
| Deferred tax           | (29,966,476)      | (18,145,254)        |
|                        | <b>34,861,929</b> | <b>(18,145,254)</b> |

**29.3** The Company has recognized minimum tax at 1.25% of the revenue. Therefore, no tax reconciliation is given.

**29.4 Tax expense on items recognized in other comprehensive income**

|                                                    |                |                |
|----------------------------------------------------|----------------|----------------|
| Measurement of post employment benefits obligation | 209,660        | 857,170        |
|                                                    | <b>209,660</b> | <b>857,170</b> |

**29.5 Reconciliation of levy and income tax under IAS -12**

|                                                                                                                  | <b>2026</b>         | <b>2025</b>  |
|------------------------------------------------------------------------------------------------------------------|---------------------|--------------|
|                                                                                                                  | <b>Rupees</b>       | Rupees       |
| Current tax liability for the year as per applicable tax laws                                                    | <b>77,442,114</b>   | 44,620,796   |
| Portion of current tax liability as per tax laws, representing income tax under IAS 12                           | <b>(64,828,405)</b> | -            |
| Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37 | <b>(12,613,709)</b> | (44,620,796) |
| Difference                                                                                                       | -                   | -            |

**29.6** The current tax expense for the year is calculated using minimum tax rate of 1.25% (2025: 1.25%). Deferred tax assets and liabilities on temporary differences are measured at an effective rate of 29% (2025: 31%).

Note 30

**Balances and Transaction with Related Parties**

Related parties comprise directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Outstanding balances at the reporting date are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. Significant balances and transactions with related parties are as follows:

**Transactions during the year**

| <b>Related party</b>      | <b>Relationship</b> | <b>Nature of Transaction</b>                | <b>2026</b>         | <b>2025</b>   |
|---------------------------|---------------------|---------------------------------------------|---------------------|---------------|
|                           |                     |                                             | <b>Rupees</b>       | Rupees        |
| Mr. Muhammad Ali Chaudhry | CEO                 | Interest free loan received during the year | <b>40,000,000</b>   | 87,700,000    |
|                           |                     | Interest free loan repaid during the year   | <b>(40,000,000)</b> | (87,700,000)  |
| Mr. Muhammad Arshad Saeed | Director            | Interest free loan received during the year | <b>31,160,000</b>   | 149,574,054   |
|                           |                     | Interest free loan repaid during the year   | <b>(31,160,000)</b> | (149,574,054) |

There are no outstanding balances with related parties at year end.

**30.1** The following are the related parties of the Company, including key management personnel, along with the nature of their relationship with the Company:

| <b>S. No.</b> | <b>Related Party</b>                 | <b>Basis of Relationship</b>             | <b>% of Shareholding</b> |
|---------------|--------------------------------------|------------------------------------------|--------------------------|
| 1             | Mr. Muhammad Ali Chaudhry            | Chief Executive Officer                  | 7.56%                    |
| 2             | Mr. Muhammad Arshad Saeed            | Director                                 | 51.85%                   |
| 3             | Ms. Kiran A. Chaudhry                | Director                                 | 7.56%                    |
| 4             | Resham Enterprises (Private) Limited | Associated Company (Common directorship) | Nil                      |
| 5             | Mr. Muhammad Javed                   | Key Management Personnel                 | Nil                      |

Note 31

**Remuneration of Chief Executive Officer, Director and Executives**

The aggregate amounts charged in the financial statements for the year as remuneration and benefits paid to the chief executive officer, director and executives of the Company are as follows:

|                         | <b>Chief Executive Officer</b> |                  | <b>Director</b> |                  | <b>Executives</b> |                   | <b>Total</b>      |                   |
|-------------------------|--------------------------------|------------------|-----------------|------------------|-------------------|-------------------|-------------------|-------------------|
|                         | <b>2026</b>                    | <b>2025</b>      | <b>2026</b>     | <b>2025</b>      | <b>2026</b>       | <b>2025</b>       | <b>2026</b>       | <b>2025</b>       |
|                         | Rupees                         | Rupees           | Rupees          | Rupees           | Rupees            | Rupees            | Rupees            | Rupees            |
| Managerial remuneration | 4,800,000                      | 3,425,600        | -               | 1,161,600        | 17,986,353        | 15,831,194        | 22,786,353        | 20,418,394        |
| Housing and other       | 1,920,000                      | 1,370,240        | -               | 464,640          | 7,194,541         | 6,332,478         | 9,114,541         | 8,167,358         |
| Utilities               | 480,000                        | 342,560          | -               | 116,160          | 1,798,635         | 1,583,120         | 2,278,635         | 2,041,840         |
| Gratuity paid           | -                              | -                | -               | -                | 363,000           | 8,625,000         | 363,000           | 8,625,000         |
| Vehicle running and     | 514,112                        | 866,710          | -               | 142,318          | 2,952,073         | 3,898,579         | 3,466,185         | 4,907,607         |
| <b>Total</b>            | <b>7,714,112</b>               | <b>6,005,110</b> | <b>-</b>        | <b>1,884,718</b> | <b>30,294,602</b> | <b>36,270,371</b> | <b>38,008,714</b> | <b>44,160,199</b> |
| Number of persons       | 1                              | 1                | -               | 1                | 4                 | 6                 | 5                 | 8                 |

**31.1** An executive is defined as an employee, other than the chief executive officer and director, whose basic salary exceeds Rs. 1.2 million in a financial year.

**31.2** In addition to above, chief executive officer, director, and certain executives have been provided with the Company maintained vehicles in accordance with their terms of employment.

**31.3** No meeting fee has been paid to any director of the Company.

Note 32

**Financial Risk Management**

**32.1 Financial risk factors**

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

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, price risk, interest rate risk, credit risk and liquidity risk.

**(a) Market risk**

**(i) Currency risk**

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

The Company is exposed to currency risk arising primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the amounts payable to foreign entities. As there are no foreign currency receivables / payables of the Company as at the reporting date, so it is not exposed to any currency risk (2025: Nil).

**(ii) Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate 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 exposed to equity price risk in respect of its short term investments.

**Sensitive Analysis for other price risk**

A change of 1% in the value of investment at fair value through profit or loss would have increase / decrease profit or loss by Rs. 0.000158 million (2025: Rs. 0.000147 million) on the basis that other variables remain constant.

**(iii) Interest rate risk**

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

The Company's interest rate risk arises from balances with savings accounts and short term borrowings. As the rate of interest with savings accounts and borrowings made at variable rates, these expose the Company to cash flow interest rate risk. As at the reporting date the interest rate profile of the Company's interest bearing financial instruments was as follows:

**Floating rate instruments**

Balances with savings accounts  
Short term borrowings

|  | <b>2026</b>        | <b>2025</b> |
|--|--------------------|-------------|
|  | <b>Rupees</b>      | Rupees      |
|  | <b>807,662,044</b> | 473,157,116 |
|  | -                  |             |
|  | <b>807,662,044</b> | 473,157,116 |

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

As at June 30, 2026, if interest rates had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 8.08 million (2025: Rs. 2.33 million), mainly as a result of interest exposure on variable rate instruments.

**(b) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk of the Company arises from deposits with banks, trade receivables and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. As at June 30, 2026, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

|                                                              |             | <b>2026</b>        | <b>2025</b> |
|--------------------------------------------------------------|-------------|--------------------|-------------|
|                                                              | <b>Note</b> | <b>Rupees</b>      | Rupees      |
| Long term deposits                                           | <b>14</b>   | <b>9,633,360</b>   | 9,633,360   |
| Trade receivables                                            | <b>17</b>   | <b>196,204,365</b> | 655,417     |
| Short term loans to employees                                | <b>19.1</b> | <b>167,100</b>     | 25,000      |
| Bank balances                                                | <b>21</b>   | <b>808,136,494</b> | 473,509,291 |
| The aging of trade debts as at reporting date is as follows: |             |                    |             |
| Past due 1 - 30 days                                         |             | <b>125,092,773</b> | -           |
| Past due 31 - 60 days                                        |             | <b>61,475,819</b>  | 727,217     |
| Past due 61 - 180 days                                       |             | <b>10,395,425</b>  | 150,047     |
| More than 180 days                                           |             | <b>227,475</b>     | 537,805     |
|                                                              |             | <b>197,191,492</b> | 1,415,069   |
| Allowance for expected credit loss                           |             | <b>(987,127)</b>   | (759,652)   |
|                                                              |             | <b>196,204,365</b> | 655,417     |

The Company's exposure relating to credit risk relating to trade debt is disclosed in relevant notes to the financial statement. There are no significant debtors that are past due as at the reporting date.

Customer credit risk is managed by each business unit subject to the Company's established policies, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are operated in largely independent markets. The credit risk on liquid funds is limited because the counter parties are either banks (with reasonably high credit ratings) and trade receivables for which the exposure is spread over a large number of counter parties.

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

| Bank Name                           | Rating     |           | Rating Agency | 2026               | 2025               |
|-------------------------------------|------------|-----------|---------------|--------------------|--------------------|
|                                     | Short Term | Long Term |               |                    |                    |
|                                     |            |           |               | <b>Rupees</b>      | <b>Rupees</b>      |
| Faysal Bank Limited                 | A1+        | AA+       | PACRA         | <b>134,308,437</b> | 39,567             |
| Habib Bank Limited                  | A1+        | AAA       | VIS           | <b>28,877,892</b>  | 5,352,356          |
| MCB Bank Limited                    | A1+        | AAA       | PACRA         | <b>111,312</b>     | 293,322            |
| Meezan Bank Limited                 | A1+        | AAA       | VIS           | <b>5,103,181</b>   | 100,047,850        |
| Bank Alfalah Limited                | A1+        | AAA       | PACRA         | <b>16,445,826</b>  | 367,218,252        |
| National Bank of Pakistan           | A1+        | AAA       | PACRA         | <b>202,592</b>     | 93,953             |
| Al-Baraka Bank (Pakistan) Limited   | A1         | AA-       | VIS           | <b>622,772,051</b> | 170,388            |
| Habib Metropolitan Bank Limited     | A1+        | AA+       | PACRA         | <b>30,216</b>      | 50,926             |
| Askari Bank Limited                 | A1+        | AA+       | PACRA         | <b>111,545</b>     | 72,096             |
| The Bank of Punjab                  | A1+        | AA+       | PACRA         | <b>145,431</b>     | 155,575            |
| Dubai Islamic Bank Pakistan Limited | A1+        | AA        | VIS           | <b>28,011</b>      | 15,006             |
|                                     |            |           |               | <b>808,136,494</b> | <b>473,509,291</b> |

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

#### (c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining debt financing plans. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

| Description                                                          | Carrying Amount    | Contractual cash flows | Within 1 year      | 1-2 Year | 2-5 Years | More than 5 years |
|----------------------------------------------------------------------|--------------------|------------------------|--------------------|----------|-----------|-------------------|
| ----- Rupees -----                                                   |                    |                        |                    |          |           |                   |
| Contractual maturities of financial liabilities as at June 30, 2026: |                    |                        |                    |          |           |                   |
| Trade and other payables                                             | 305,504,583        | 305,504,583            | 305,504,583        | -        | -         | -                 |
|                                                                      | <b>305,504,583</b> | <b>305,504,583</b>     | <b>305,504,583</b> | -        | -         | -                 |
| Contractual maturities of financial liabilities as at June 30, 2025: |                    |                        |                    |          |           |                   |
| Short term borrowings                                                | 240,000,000        | 259,200,000            | 259,200,000        | -        | -         | -                 |
| Accrued markup                                                       | 84,691             | 84,691                 | 84,691             | -        | -         | -                 |
| Trade and other payables                                             | <b>182,856,306</b> | <b>182,856,306</b>     | <b>182,856,306</b> | -        | -         | -                 |

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at the reporting date. The rates of interest / mark-up have been disclosed in relevant notes to these financial statements.

#### (d) Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates. As at June 30, 2026, the net fair value of all financial assets and financial liabilities is estimated to approximate their carrying values.

The fair values of all financial assets and liabilities are not considered to be significantly different from their carrying values. The Company classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

- Level 1 Quoted market prices
- Level 2 Valuation techniques (market observable)
- Level 3 Valuation techniques (non market observable)

The Company held following assets measured at fair value:

|                                                                        | Level 1            | Level 2 | Level 3 | Total  |
|------------------------------------------------------------------------|--------------------|---------|---------|--------|
|                                                                        | ----- Rupees ----- |         |         |        |
| National Investment Trust - at fair value through profit or loss -2026 | 15,888             | -       | -       | 15,888 |
| National Investment Trust - at fair value through profit or loss -2025 | 14,796             | -       | -       | 14,796 |

### 32.2 Financial instruments by categories

|                                                                          |      | 2026                 | 2025               |
|--------------------------------------------------------------------------|------|----------------------|--------------------|
|                                                                          | Note | Rupees               | Rupees             |
| <b>Financial assets at amortized cost as at June 30,</b>                 |      |                      |                    |
| Long term deposits                                                       | 14   | 9,633,360            | 9,633,360          |
| Trade receivables                                                        | 17   | 196,204,365          | 655,417            |
| Loans and advances                                                       | 19   | 408,100              | 118,000            |
| Cash and bank balances                                                   | 21   | 808,430,178          | 473,952,228        |
|                                                                          |      | <b>1,014,676,003</b> | <b>484,359,005</b> |
| <b>Financial assets at fair value through profit or loss at June 30,</b> |      |                      |                    |
| Short term investments                                                   | 18   | 15,888               | 14,796             |
| <b>Financial liabilities at amortized cost as at June 30,</b>            |      |                      |                    |
| Short term borrowings                                                    | 10   | -                    | 240,000,000        |
| Accrued markup                                                           |      | -                    | 84,691             |
| Trade and other payables                                                 | 9    | 235,403,942          | 167,853,306        |
|                                                                          |      | <b>235,403,942</b>   | <b>407,937,997</b> |

### 32.3 Fair values of financial assets and liabilities

Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Note 33

#### Reconciliation of Movement of Liabilities and Equities to Cash Flows Arising from Financing Activities

|                             | Equity       | Liabilities     | Total           |
|-----------------------------|--------------|-----------------|-----------------|
|                             | Dividend     | Financing       |                 |
|                             | Rupees       |                 |                 |
| Balance as at July 01, 2025 | -            | 240,000,000     | 240,000,000     |
| Dividend announced          | 72,000,000   |                 | 72,000,000      |
| Dividend paid               | (72,000,000) | -               | (72,000,000)    |
| Financing obtained          | -            | 2,127,487,500   | 2,127,487,500   |
| Repayment                   | -            | (2,367,487,500) | (2,367,487,500) |
| Balance as at June 30, 2026 | -            | -               | -               |

Note 34

#### Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth, and meets stakeholders' expectations. The Company ensures its sustainable growth by maintaining an optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus property, plant, and equipment without affecting the optimal production and operating level, and regulating its dividend payout, thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

As at the reporting date, the Company was not geared as given below:

|                        |      | 2026                      | 2025              |
|------------------------|------|---------------------------|-------------------|
|                        | Note | ...Rupees in thousands... |                   |
| Total borrowings       | 10   | -                         | 240,000           |
| Cash and bank balances | 21   | (808,430)                 | (473,952)         |
| <b>Net exposure</b>    |      | <b>(808,430)</b>          | <b>(233,952)</b>  |
| Equity                 |      | <b>2,828,612</b>          | 2,855,224         |
| Total capital employed |      | <b>2,020,182</b>          | 2,621,272         |
| <b>Gearing Ratio</b>   |      | <b>Not Geared</b>         | <b>Not Geared</b> |

Note 35

#### Plant Capacity and Production

|                                              |           | 2026              | 2025       |
|----------------------------------------------|-----------|-------------------|------------|
| Spindles installed                           | Number    | <b>38,448</b>     | 38,448     |
| Shifts per day                               | Number    | <b>3</b>          | 3          |
| Total days                                   | Number    | <b>365</b>        | 365        |
| Total shifts                                 | Number    | <b>1,095</b>      | 1,095      |
| Total spindles                               | Number    | <b>42,100,560</b> | 42,100,560 |
| Installed capacity based on 3 shifts per day | Kilograms | <b>14,102,609</b> | 14,102,609 |
| Actual production of yarn                    | Kilograms | <b>5,298,778</b>  | 4,934,147  |

Plant capacity is determined on the basis of management estimates, as it is difficult to calculate the production capacity of a spinning unit. The production capacity fluctuates widely depending on various factors such as count of yarn spun, spindle speed, twist, maintenance of machinery, power shutdown, and raw materials used, and the pattern of production adopted in any particular year.

Note 36

#### Number of Employees

|                                              | 2026       | 2025 |
|----------------------------------------------|------------|------|
| Average number of employees during the year  | <b>440</b> | 413  |
| Total number of employees at the end of year | <b>427</b> | 400  |

Note 37

#### Subsequent Events

There were no subsequent events identified as of the reporting date.

Note 38

#### Authorization of Financial Statements

These financial statements were approved and authorized by the Board of Directors of the Company for issue on September 19, 2026.

Note 39

#### General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material re-arrangements have been made in these financial statements.

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

# PATTERN OF SHAREHOLDING

1. Incorporation Number **21882**
2. Name of the Company **RESHAM TEXTILE INDUSTRIES LIMITED**
3. Pattern of holding of the shares held by the shareholders as at 30 June 2026.

| -----Shareholding----- |           |            |                   |
|------------------------|-----------|------------|-------------------|
| 4. No. of Shareholders | From      | To         | Total Shares Held |
| 27                     | 1         | 100        | 134               |
| 21                     | 101       | 500        | 9,786             |
| 3                      | 501       | 1,000      | 2,681             |
| 2                      | 1,001     | 5,000      | 5,000             |
| 2                      | 5,001     | 20,000     | 28,972            |
| 1                      | 20,001    | 30,000     | 29,100            |
| 3                      | 30,001    | 55,000     | 111,364           |
| 2                      | 55,001    | 90,000     | 126,490           |
| 1                      | 90,001    | 105,000    | 100,500           |
| 1                      | 105,001   | 155,000    | 153,968           |
| 1                      | 155,001   | 200,000    | 200,000           |
| 1                      | 200,001   | 400,000    | 382,800           |
| 7                      | 400,001   | 770,000    | 4,770,809         |
| 2                      | 770,001   | 1,255,000  | 2,243,910         |
| 2                      | 1,255,001 | 2,750,000  | 5,440,770         |
| 1                      | 2,750,001 | 3,750,000  | 3,729,080         |
| 1                      | 3,750,001 | 18,680,000 | 18,664,636        |
| <b>78</b>              |           |            | <b>36,000,000</b> |

| 5. Categories of shareholders                                                     | Share held | Percentage |
|-----------------------------------------------------------------------------------|------------|------------|
| 5.1 Directors, Chief Executive Officer, and their spouse and minor children       | 25,050,124 | 69.5837%   |
| 5.2 Banks Development Financial Institutions, Non Banking Financial Institutions. | 119        | 0.0003%    |
| 5.3 Share holders holding 10% or more                                             | 22,393,716 | 62.2048%   |
| 5.4 General Public                                                                | 10,929,652 | 30.3601%   |
| 5.5 Others (to be specified)                                                      |            |            |
| 1- Joint Stock Companies                                                          | 5          | 0.0000%    |
| 2- Pension Funds                                                                  | 19,419     | 0.0539%    |
| 3- Others                                                                         | 681        | 0.0019%    |