



ELAHI COTTON MILLS LIMITED

**55th
Annual Report
2025**



ELAHI COTTON MILLS LIMITED

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2025**

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

COMPANY'S INFORMATION

BOARD OF DIRECTORS

MAHBOOB ELAHI
MAHFOOZ ELAHI
MAHMOOD ELAHI
AHMED SHAFFI
FARRUKH AHMED
M. AZEEM AFZAL HASHMI
SAMINA BEGUM

CHAIRMAN

MAHBOOB ELAHI

CHIEF EXECUTIVE

MAHFOOZ ELAHI

AUDIT COMMITTEE

FARRUKH AHMED
MAHBOOB ELAHI
AHMED SHAFFI

HRR COMMITTEE

MAHMOOD ELAHI
M. AZEEM AFZAL HASHMI
FARRUKH AHMED

CHIEF FINANCIAL OFFICER

MUHAMMAD IMTIAZ

COMPANY SECRETARY

SALEEM AHMED

AUDITORS

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
23, EAST SAEED PLAZA
BLUE AREA, ISLAMABAD

REGISTRAR OFFICE

CORPLINK (PVT) LIMITED
WINGS ARCADE,
1-K, COMMERCIAL,
MODEL TOWN, LAHORE

LEGAL ADVISER

KHAN & PIRACHA
NO.1, 2ND FLOOR, 6-B,
MARKAZ F-6, ISLAMABAD

REGISTERED OFFICE

270-SECTOR 1-9,
INDUSTRIAL AREA,
ISLAMABAD.

MILLS

JURIAN, MANDRA,
TEHSIL GUJAR KHAN,
DISTRICT RAWALPINDI.

WEBSITE

www.elahicotton.com

Vision

Elahi Cotton Mills Limited's vision is to run on purely professional grounds and to accomplish, build up and sustain a good reputation within textile industry by marketing premium quality yarn by means of honesty, integrity and commitment.

Mission Statement

It is the mission of the Company:

- To transform the Company into a modern and dynamic yarn manufacturer and to provide premium quality products to customers.
- To foster a culture of trust in order to make professional life at the Elahi Cotton Mills Limited a stimulating and challenging experience for all our people.
- To build the Company on sound financial footings, increase earning distribution of adequate return to shareholders, employees and to contribute towards the government revenues.
- To expand sales of the Company through good Governance and foster a sound and dynamic team so as to achieve optimum profitability for the Company for sustaining and equitable growth and prosperity of the Company.
- To make comprehensive arrangements for the training of our workers technicians.
- To strive for the continuous development of Pakistan while adding value to the textile sector.
- To continue to earn the respect, confidence and goodwill of our customers and suppliers.
- To earn and sustain the trust of our stakeholders through efficient resource management.

CHAIRMAN'S REVIEW REPORT:

The Board of Directors (the Board) of Elahi Cotton Mills Limited (ELCM) has performed their duties diligently in upholding the best interest of shareholders of the Company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 (previously Companies Ordinance 1984) and Listed Companies (Code of Corporate Governance) Regulations, 2019.

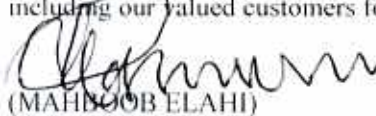
Further, the Board during the year ended June 30, 2025 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner;

- The Board has ensured that there is adequate representation of Executives, non-executive, female and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees has adequate skill, experience and knowledge to manage the affairs of the Company;
- The Board has developed and put in place a formal and effective mechanism for an annual evaluation of its own performance and that of its Committees and members of the Board. On the basis of the feedback received through this mechanism overall performance of the Board has been found to be Good and effective;
- The Board has formed an Audit and HRR Committees and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities diligently;
- The Board has ensured that three Directors of the Company are exempt from Directors Training Programme due to their qualification and experience and that the SECP has granted exemption to three Directors. Two Directors including one exempt Director have taken certification under the Directors Training Program and the remaining shall obtain certification under the DTP program in due course of time;
- The Board has ensured that the meetings of the Board and its committee were held with the requisite quorum and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and have developed significant policies for smooth functioning;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process;
- The Board has ensured that the adequate system of internal control is in place;
- The Board has prepared and approved the Director's report and has ensured that the directors' report is published with the quarterly and annual financial statement of the Company and the content of the directors' report are in accordance with the requirement of applicable laws and regulations;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings;
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company.

Based on aforementioned it can reasonably be stated that Board of Elahi Cotton Mills Limited has played instrumental role in ensuring that corporate objectives are achieved in line with the expectation of shareholders and other important stakeholders.

Acknowledgement

On behalf of the Board, I appreciate untiring efforts of our employees and express gratitude to all stakeholders including our valued customers for their continued cooperation and support.



(MAHBOOB ELAHI)

Chairman

September 26, 2025

ELAHI COTTON MILLS LIMITED


NOTICE OF 55TH
ANNUAL GENERAL MEETING

Notice is hereby given that 55th Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at 270-Sector I/9, Industrial Area, Islamabad on October 25, 2025 at 10.00 a.m. to transact the following business:-

1. To Confirm the minutes of the 54th Annual General Meeting.
2. To consider, approve and adopt the Chairman's Review Report, the Reports of Directors and Auditors together with Audited Financial Statements of the Company for the year ended June 30, 2025.
3. To appoint Auditors of the Company for the next financial year and to fix their remuneration. The Audit Committee and Board of Directors have recommended for reappointment of M/s. BDO Ebrahim & Co, Chartered Accountants, Islamabad as external Auditors.
4. To transact any other ordinary business of the Company with the prior permission of the Chairman.

BY ORDER OF THE BOARD

Islamabad,
October 03, 2025.


(MAHFOOZ ELAHI)
Chief Executive

NOTES:

1. In order to facilitate and for the safety and well-being of the shareholders, the Company in addition to convening a physical meeting, has also arranged the attendance of the shareholders virtually through video link facility. The shareholders who are interested in attending the AGM proceedings online may send the below information along with the valid copy of both sides of CNIC with the subject "Registration for AGM of Elahi Cotton Mills Limited" at elahicotton@gmail.com for their appointed proxy's verification. Such information should be sent from their duly registered valid email ID for the registration purposes latest by October 21, 2025.

Shareholder's Name	Folio / CDC No.	No. of shares held	CNIC No.	Cell No.	Registered Email ID

A detailed procedure shall be communicated through the email directly to the shareholders who have provided their valid email IDs and the same shall be placed at the Company's website: <https://www.elahicotton.com> in the investor relations section. The shareholders can also provide their comments/suggestions for the agenda items of the AGM at the above email address. Members are therefore, encouraged to attend the AGM through video link or by consolidating their attendance through proxies.

2. The Share Transfer Books of the Company will be closed from October 19, 2025 to October 25, 2025 (both days inclusive). Transfers received at the office of Share Registrar M/s. Corplink (Pvt) limited, Wings Arcade, 1-K Commercial, Model Town, Lahore; at the close of business on October 18, 2025 will be treated in time for attending the Annual General Meeting. The Company shall arrange all protective measures to the participant in this AGM.
3. A member entitled to attend and vote in the meeting is authorized to appoint any other member a proxy to attend, speak and vote for him or her. In order to valid, an instrument of proxy and the power of Attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or Authority, must be reached at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
4. Any individual Beneficial Owner of CDC, entitled to vote at this meeting must bring his/her original CNIC with him/her to prove his/her identity, and in case of proxy, a copy of shareholders attested CNIC must be attached with the proxy form and shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or passport at the time of attending the meeting. Representatives of corporate members should bring the usual documents required for such purpose.
5. In compliance with SECP notification No. 634(I)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for the year ended June 30, 2025 have been placed on the Company's website: www.elahicotton.com for the information, download and review of shareholders.
6. In accordance with the provisions of Section 72 of the Companies Act, 2017 and subsequent directive received from the Securities & Exchange Commission of Pakistan on the subject, the Company hereby request the physical shareholders to Convert their Physical Shares into Book-Entry Form through Investor Accounts Services of Central Depository Company or any Participant/TRE Certificate-holder of the Pakistan Stock Exchange Limited.

7. Members are requested to immediately inform the Company or our Share Registrar M/S. Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore, of any change in their registered address and provide valid and legible photocopies of CNIC, if not provided earlier.
8. Number of Dividend amount pertaining to various shareholders are lying outstanding/unclaimed. List of such shareholders is available at Company's website www.elahicotton.com. Such shareholders are requested to contact Share Registrar of the Company (at the above mentioned address) or Company Secretary, for any further detail for payment thereof.
9. Pursuant to SECP Circular No. 10 of 2014 dated May 21, 2014, if Company receives Consent Form from at least five members or any member holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit to registered office of the Company:

I/We _____ of _____ being a member of Elahi Cotton Mills Limited, holding _____ ordinary shares as per Register Folio/CDC Account No. _____ hereby opt for video conference facility at _____ Signature of Member(s)

The Company's Annual Audited Financial Statements for the year ended June 30, 2025 along with Directors and Auditors Reports are available on the Company's website at www.elahicotton.com. Alternatively, shareholders can access the financial statements by scanning the QR code. However shareholders may request to provide hard copy of the Annual Accounts.

10. In view of prohibition under Section 185 of the Companies Act, 2017, the Company does not distribute gifts in any form to its members in any general meeting.

ELAHI COTTON MILLS LIMITED
DIRECTORS' REPORT TO THE MEMBERS

The Directors of the Company are pleased to present the 55th Annual Report which includes the audited financial statements of the Company together with the auditors' report thereon for the year ended June 30, 2025.

Financial Results

The principal business activity of the Company is to manufacture and sale of Pure Polyester Yarn. During the year under review, the Company registered a turnover of Rs. 996.624 million as compared to Rs. 960.658 million in the preceding year showing increase of Rs. 35.966 million (3.74%) whereas the cost of sales decreased from Rs. 957.924 million to Rs. 954.986 million showing decrease of Rs. 2.938 million (0.31%). The Company earned gross profit of Rs. 41.638 million as compared to gross profit of Rs. 2.734 million in the previous year. The increase in turnover as compared to previous year is due to increase in production. The financial results of the Company for the year under review are as under:

	RUPEES IN MILLION
Sales	996.624
Cost of sales	954.986
Gross profit	41.638
Administrative expenses	14.105
Selling & other operating expenses	4.923
Other income	0.618
Finance cost	0.174
Profit before income tax and minimum tax	23.054
Minimum tax	12.462
Profit before income tax	10.592
Income Tax	0
Profit after taxation	10.592
Earning per share (Rs.)	8.15

The Company earned profit before income tax and minimum tax of Rs. 23.054 million as compared to loss of Rs. 14.703 million in the last year and profit after taxation of Rs. 10.592 million as compared to loss of Rs. 25.740 million. The profit earned by the Company is due to increase in production and decrease in the rates of raw material. Due to excessive electric shutdown the Company has closed one shift throughout the year and hence could not utilized 100% capacity.

The auditors have drawn attention to Note 1.2 in the financial statements that the Company's current liabilities exceeded its current assets by Rs. 49.434 million. The Company has accumulated loss of Rs. 58.733 million that exceeds the issued, subscribed and paid up capital by Rs. 45.733 million. These conditions indicate the existence of a material uncertainty that cast doubt about the Company's ability to continue as a going concern.

During the year under review, the Company earned profit before tax amounting to Rs. 23.054 million and net profit after taxation amounting to Rs. 10.592 million. Accumulated loss has been reduced from 69.610 million to Rs. 58.733 million. The current ratio of the Company has also improved as compared to previous year. The Management is making every effort to minimize the impact through improve efficiency and better marketing. The Sponsor Directors are continuously supporting in the form of funds as and when required by the Company. During the year, the Sponsor Directors provided interest free loan to the Company amounting to Rs. 8,250,000/-. Furthermore, the Management has neither intention nor the necessity of liquidation or ceasing manufacturing operation in foreseeable future. So, with the successful efforts of the Management, the Company will continue as a going concern.

Dividend:

The Directors of the company do not recommend any cash dividend/bonus shares to the shareholders due to accumulated loss and outstanding liabilities.

Auditors:

The present Auditors M/S. BDO Ebrahim & Company, Chartered Accountants have retired and being eligible, offered themselves for re-appointment. The Board of Directors, on recommendations of the Audit Committee has proposed appointment of M/S. BDO Ebrahim & Company, Chartered Accountants as auditors of the Company for the year ending June 30, 2026.

Pattern of Shareholding:

A statement showing the pattern of shareholding by the shareholders of the Company as on June 30, 2025 is annexed herewith.

Future Prospects and Outlook:

The textile industry is currently facing significant challenges, with both global and domestic markets experiencing slowdowns. Reduced demand from the value-added textile industry is likely to affect sales volumes. Increased costs across various areas such as energy, wages, administration, packaging and transportation are negatively impacting profit margins. As a result, the outlook of the current financial year seems to be negative. Nevertheless, management is actively pursuing strategies to maintain profitability through stringent cost management, proactive marketing and producing a variety of products. To meet the challenge of unusually increased energy tariff, the Company has installed some portion of solar system and plan to increase it in future to reduce the energy cost.

Corporate Social Responsibility

We are also committed to Corporate Social Responsibilities (CSR) and integrating sound social practices in our day to day business activities. CSR is important part of who we are and how we operate. We measure our success not only in terms of financial criteria but also in building customer satisfaction and supporting the communities we serve. During the year the Company paid Rs. 350,000/- to Child Life Foundation and Friends Welfare Trust, an approved NPO, for the purpose of treatment of poor and needy patients.

Health Safety and Environment

The Management of the Company is aware of its responsibilities to provide safe and healthy working environment to our associates and give highest priority to it. Our safety culture is founded on the premise that all injuries are preventable if due care is taken. Continual efforts for provision of safe, healthy and comfortable working conditions for the employees are made. We follow up and investigate on all incidents and injuries to address their root causes. We believe that safety and health is a journey of continuous improvement and eternal diligence. We will continue to take steps to improve the safety and health of all of our associates. Our production facility does not discharge any harmful material.

Diversity, Equity and Inclusion

The Company is dedicated to fostering a diverse, equitable, inclusive, and supportive environment where all individuals are valued and respected. There is no discrimination of caste, religion, color, marital status or gender. Our focus is on principles of Equal Opportunity Employer and fostering an inclusive workplace that reflects gender diversity and equality.

Gender Pay Gap

The Company ensures that Gender equality is a cornerstone of the Company's performance, ensuring that all employees, regardless of gender, have equal opportunities to succeed and thrive. The Company is committed to being an equal opportunity employer within the industry. We follow a transparent employment process and fair wage policy without any form of gender discrimination, bias, or racism, thereby providing the same opportunity for all candidates. It is reported that the Company had 289 employees during the year ended 30th June 2025, all of whom were male except one. Accordingly, management consider that the mean and median gender pay gap are not applicable.

Internal Financial Control

The Board has adopted effective policies and procedures for ensuring the orderly and efficient conduct of business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial statements. The internal audit department of the Company conducts audit regularly.

Composition of Board

The Board of Directors as at June 30, 2025 consists of:

Total number of Directors:

Male	6
Female	1

Composition:

(i)	Independent Directors	2	Ahmed Shaffi, M. Azeem Afzal Hashmi
(ii)	Non-executive Directors	2	Mahboob Elahi, Farrukh Ahmed,
(iii)	Executive Directors	2	Mahfooz Elahi, Mahmood Elahi
(iv)	Female Director	1	Samina Begum

Committees of the Board

The names of Members of Board Committees are as under:

Audit Committee:

- (i) Farrukh Ahmed
- (ii) Mahboob Elahi
- (iii) Ahmed Shaffi

Human Resources & Remuneration Committee:

- (i) Mahmood Elahi
- (ii) Farrukh Ahmed
- (iii) M. Azeem Afzal Hashmi

Significant Features of Directors' Remuneration

The Board of Directors has approved a formal policy for remuneration of Executive and Non-executive Directors, as recommended by the Human Resource and Remuneration Committee. As per policy, the Company will not pay any remuneration to non-executive directors and independent directors except fees for attending the meetings of the Board and its committees. The detail of aggregate amount of remuneration separately of executive and non-executive directors is attached in the annual report.

Risks and Opportunities

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

Business Risks

The Company faces a number of following business risks:

Polyester Price Risk

There is always a risk of upward shift in the polyester prices in local and international markets. The Company mitigates this risk by the procurement of the polyester in bulk depending upon the availability of funds.

Demand and Price

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

Energy Availability and Cost

The rising cost and un-availability of energy i.e. electricity shortage is a major threat to manufacturing industry.

The Company is unable to achieve the installed capacity due to excessive electric shut down. The Company is also unable to mitigate this risk as it is beyond the Company's control.

Financial Risks

The Company faces the following financial risks:

Credit risk

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

Liquidity risk

It is at the minimum due to the availability of funds from the sponsor's Directors in order to meet liabilities when due under both normal and stressed conditions.

Capital risk

When managing capital, it is our objective to safeguard the Company's ability to continue as a going concern in order to generate profits for providing returns for shareholders and benefits to other.

Price Risk of Financial Instruments

The Company is not exposed to price risk since there are no financial instruments whose fair value or future cash flow will fluctuate because of changes in market prices.

Corporate Governance

The Directors are pleased to report that:

- a) The Financial Statements prepared by the Management present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- b) Proper Books of Accounts have been maintained.
- c) Appropriate Accounting Policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- d) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of Financial Statements.
- e) The system of Internal Control is sound in design and has been effectively implemented and monitored.
- f) The Management has devised a plan to enable the Company to continue as a going concern.
- g) There is no reported instance of any material departure from the best practices of Corporate Governance.
- h) Significant deviation from last year in operating results of the Company and reasons thereof has been explained.
- i) The key operating and financial data for the last six years is annexed.
- j) There are no outstanding statutory payments on account of taxes, duties, levies and charges except as shown in notes to the accounts.
- k) The Company is operating as un-funded Gratuity scheme which was not invested and was retained for business of the Company.
- l) Eight meetings of the Board of Directors, five meetings of the Audit Committee and four meetings of the Human Resource & Remuneration Committee were held during the year. The attendance of each Director at the meetings is as under: -

<u>Name of Director</u>	<u>Board</u>	<u>Audit Committee</u>	<u>HR&R Committee</u>
Mr. Mahboob Elahi	7	5	N/A
Mr. Mahfooz Elahi	8	N/A	N/A
Mr. Mahmood Elahi	8	N/A	4
Mr. Farrukh Ahmed	7	5	4
Mr. Ahmed Shaffi	6	5	N/A
M. Azeem Afazl Hashmi	5	N/A	4
Mrs. Samina Begum	6	N/A	N/A

- m) Three Directors of the Company are exempt from Directors Training Program due to their qualification and relevant experience and SECP has granted exemption to these Directors. Two Board members including one exempt Director has attained certification of Directors Training Program. The remaining directors shall obtain certification under the DTP program in due course of time.
- n) The pattern of shareholding as required by the code along-with trading of shares by Directors, executives and their spouses has been included in this annual report.

ACKNOWLEDGEMENT:

The Board of Directors is pleased to record word of thanks to its members. The Staff – management remained pleasantly co-operative. I together with fellow Directors, wish to acknowledge our gratitude to the staff members for performing their duties.


(MAHFOOZ ELAHI)
Chief Executive

ON BEHALF OF THE BOARD


(MAHMOOD ELAHI)
Director

Islamabad.
September 26, 2025

الہی کاشن ملٹریڈ

ممبر ڈکویڈائیکٹرز کی سالانہ رپورٹ

کمپنی کے ڈائریکٹرز گچین ویس سالانہ رپورٹ اور آڈٹ شدہ کمپنی کے حسابات بشمول آڈیٹر رپورٹ مکتبہ جون ۳۰، ۲۰۲۵ء پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔
مالیاتی نتائج۔

کمپنی کا بنیادی کام خالص پولیشر کا دھماکہ بنانا اور فروخت کرنا ہے۔ اس سال کے دوران کمپنی نے 996.624 ملین روپے کا کاروبار کیا جبکہ گزشتہ سال 960.658 ملین روپے تھا جو کہ 35.966 ملین روپے (3.74%) کا اضافہ ظاہر کر رہا ہے، فروخت کے اخراجات 957.924 ملین روپے سے کم ہو کر 954.986 ملین روپے ہو گئے جو کہ 2.938 ملین روپے (0.31%) کی کمی ظاہر کر رہے ہیں۔ کمپنی کا مجموعی منافع 41.638 ملین روپے رہا جبکہ گزشتہ سال اسی دورانیہ کا مجموعی منافع 2.734 ملین روپے تھا۔ اس سال کاروبار میں پچھلے سال کی نسبت اضافے کی وجہ تیار شدہ مال کی قیمتوں میں اضافہ ہے۔ کمپنی کے موجودہ سال کے مالیاتی نتائج مندرجہ ذیل ہیں:

روپے

(ملین)

996.624

فروخت

954.986

فروخت کے اخراجات

41.638

مجموعی منافع

14.105

کاروباری اخراجات

4.923

دیگر کاروباری اخراجات

0.618

دیگر آمدنی

0.174

مالیاتی اخراجات

23.054

اکم ٹیکس اور کم از کم ٹیکس سے پہلے کا منافع

12.462

کم از کم ٹیکس

10.592

اکم ٹیکس سے پہلے کا منافع

0

اکم ٹیکس

10.592

ٹیکس کے بعد کا منافع

8.15

آمدنی فی حصص منافع

کمپنی کو 23.054 ملین روپے اکم ٹیکس اور کم از کم ٹیکس کی ادائیگی سے پیشتر منافع ہوا جبکہ اسی دورانیہ میں گزشتہ سال 14.703 ملین روپے نقصان ہوا اور ٹیکس کی ادائیگی کے بعد 10.592 ملین روپے منافع ہوا جبکہ گزشتہ برس 25.740 ملین روپے نقصان تھا۔ کمپنی کے منافع کی وجہ تیار شدہ مال کی پیداوار میں اضافہ، خام مال اور بجلی کی قیمتوں میں کمی ہے۔ مسلسل بجلی کے بحران کی وجہ سے کمپنی کو پورا سال ایک شفٹ بند رکھنا پڑی اور مل سو فیصد کارکردگی نہ دکھاسکی۔

محاسب نے کمپنی کی مالیاتی رپورٹ میں نوٹ نمبر 1.2 کے متعلق کہا ہے کہ کمپنی کی موجودہ واجب الادا رقم اس کے موجودہ اثاثہ جات سے 49.434 ملین روپے سے تجاوز کر گئی ہیں۔ کمپنی کا کل خسارہ 58.733 ملین روپے ہے جو کہ اس کے جاری شدہ، ادا شدہ سرمایہ سے 45.733 ملین روپے زیادہ ہے۔ یہ حالات کمپنی کے جاری رہنے پر شکوک و شبہات کا اظہار کرتے ہیں۔

رواں سال کے دوران کمپنی نے قبل از ٹیکس 23.054 ملین روپے منافع کمایا اور خالص منافع بعد از ٹیکس 10.592 ملین روپے کمایا۔ مجموعی نقصان 69.610 ملین روپے سے کم ہو کر 58.733 ملین روپے ہو گیا ہے۔ کمپنی کا مجموعی تناسب پچھلے سال کے موازنے میں بہتر ہوا ہے۔ انتظامیہ پوری کوشش کر رہی ہے کہ وہ ان اثرات کو اپنی کارکردگی اور بہتر مارکیٹنگ سے کم از کم کرے۔ سپانسر ڈائریکٹرز کمپنی سے مسلسل مالی تعاون کر رہے ہیں۔ اس سال کے دوران سپانسر ڈائریکٹرز نے بلا سود 8.250 ملین روپے کا قرض فراہم کیا۔ مستقبل قریب میں انتظامیہ کا نہ تو ارادہ کمپنی کو ختم کرنے کا ہے اور نہ ہی پیداواری سرگرمیاں بند کرنے کا ہے لہذا وہ پرعزم ہیں کہ کمپنی انتظامیہ کی بھرپور کوشش سے جاری و ساری رہے گی۔

منافع:- کمپنی کے ڈائریکٹرز رواں سال مجموعی خسارے اور واجب الادا رقم کی وجہ سے کسی بھی قسم کے ڈیویڈنڈ یا بونس شیئرز کی سفارش نہیں کرتے۔

محاسب:- موجودہ محاسب بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ اپنی مدت پوری کرنے کے بعد اگلے مالی سال کے لئے اپنی خدمات پیش کرتے ہیں۔ بورڈ ممبران نے آڈٹ کمپنی کی سفارش پر موجودہ محاسب کو اگلے مالی سال مکتبہ جون ۳۰، ۲۰۲۵ء میں برقرار رکھنے کی تجویز دی ہے۔

مستقبل پر ایک نظر: نیکسٹ ایل انڈسٹری کو اس وقت اہم چیلنجز کا سامنا ہے، عالمی اور گھریلو دونوں منڈیاں سست روی کا شکار ہیں۔ نیکسٹ ایل انڈسٹری کی جانب سے کم ڈیمانڈ ہے جو کہ فروخت کے حجم کو متاثر کرنے کا امکان ہے۔ مختلف شعبوں میں جیسے کہ توانائی، اجرت، انتظامی، ہیکٹنگ اور نقل و حمل کی لاگت میں اضافہ منافع کے مارجن پر منفی اثر انداز ہو رہا ہے۔ نتیجے کے طور پر، رواں مالی سال کی پہلی سہ ماہی منفی نظر آ رہی ہے۔ اس کے باوجود، انتظامیہ مختلف قسم کی مصنوعات کی تیاری کے ذریعے منافع کو برقرار رکھنے کے لیے فعال طور پر حکمت عملیوں پر عمل پیرا ہے۔ توانائی کے فیروز معمولی بڑھتے ہوئے ٹیرف کے چیلنج سے نمٹنے کے لیے کمپنی نے کچھ حصہ سوار سسٹم کا لگوا دیا ہے اور مستقبل میں توانائی کی لاگت کو کم کرنے کیلئے اس میں اضافے کا منصوبہ ہے۔

کارپوریٹ سماجی ذمہ داری (CSR): کمپنی اپنی روزمرہ کی کاروباری سرگرمیوں میں مجموعی سماجی ذمہ داری کے ساتھ پر عزم ہے۔ (سی ایس آر) ایک اہم حصہ ہے جو ہم ہیں اور ہم کس طرح کام کرتے ہیں۔ ہم اپنی کامیابی کی پیمائش نہ صرف مالیاتی طریقہ کار بلکہ صحت و سلامتی اور ماحولیات کی خدمت کی صورت میں بھی کرتے ہیں۔ اس سال کے دوران کمپنی نے Child Life Foundation and Friends Welfare Trust جو کہ ایک منظور شدہ NPO ہے 0.350 ملین روپے دیے تاکہ غریب اور ضرورت مند مریشوں کا علاج کیا جاسکے۔

صحت و سلامتی اور ماحولیات: کمپنی کی انتظامیہ اپنے ساتھیوں کو محفوظ اور صحت مند ماحول فراہم کرنے کے لیے اپنی ذمہ داریوں سے بخوبی آگاہ ہے اور اس کو ترجیح دیتے ہیں۔ ہماری حفاظتی ثقافت اس بنیاد پر قائم کی گئی ہے کہ اگر مکمل احتیاط کی جائے تو حادثات سے بچا جاسکتا ہے۔ ملازمین کے لئے کام کرنے کے محفوظ، صحت مند اور آرام دہ حالات کی فراہمی کے لیے مسلسل کوشاں ہے۔ ہم تمام واقعات اور حادثات کی تہہ تک پہنچنے کے لئے مکمل تحقیقات کرتے ہیں، ہم یقین رکھتے ہیں کہ صحت اور حفاظت مسلسل بہتری اور صحت کا سفر ہے۔ ہم اپنے تمام ساتھیوں کی صحت اور حفاظت کو بہتر بنانے کے لیے اقدامات جاری رکھیں گے۔ ہماری پیرا واری سہولیات کسی قسم کا نقصان دہ مواد خارج نہیں کرتی۔

تنوع و مساوات اور شمولیت: کمپنی ایک متنوع، مساوی، جامع اور معاون ماحول کو فروغ دینے کے لئے وقف ہے جہاں تمام افراد کی قدر اور احترام کیا جاتا ہے۔ کمپنی میں کوئی ذات، مذہب، رنگ، از دو اجبی حیثیت یا جنس کی تفریق نہیں ہے۔ ہماری توجہ مساوی مواقع کے اصولوں اور ایک جامع کام کرنے کی جگہ کو فروغ دینے پر ہے جو کہ صنفی تنوع اور مساوات کی عکاسی کرتی ہے۔

صنعتی تنوع کا فرق: کمپنی اس بات کو یقینی بناتی ہے کہ صنفی مساوات کمپنی کی کارکردگی کا ایک سنگ بنیاد ہے۔ اس بات کو یقینی بناتے ہوئے کہ تمام ملازمین، صنف سے قطع نظر کامیابی اور ترقی کے یکساں مواقع حاصل کریں۔ کمپنی صنف میں مساوی مواقع فراہم کرنے والا آج ہونے کیلئے پر عزم ہے۔ ہم کسی بھی قسم کے صنفی امتیاز، تعصب یا پس منظر کی بغیر شفاف روزگار کے عمل اور منصبات اجرت کی پالیسی پر عمل کرتے ہیں۔ کمپنی کے ۳۰ جون ۲۰۲۵ء کے ختم ہونے والے مالی سال کے دوران 289 ملازمین تھے۔ جن میں سے ایک کے علاوہ کبھی مرد تھے۔ انتظامیہ کا خیال ہے کہ اوسط صنفی تنوع کا فرق لاگو نہیں ہوتا ہے۔

اندرونی مالیاتی کنٹرول: بورڈ نے کاروبار کے منظم اور موثر طریقہ کار کو یقینی بنانے، اپنے اثاثوں کی حفاظت، دھوکہ دہی اور غلطیوں کی روک تھام، کمپنی کے محکمہ اکاؤنٹ کے ریکارڈ کی درستگی اور بروقت مالیاتی گوشواروں کی تیاری کے لیے مؤثر پالیسیوں اور طریقہ کار کو اپنایا ہے۔ کمپنی کا اندرونی آڈٹ ڈیپارٹمنٹ باقاعدگی سے آڈٹ کرتا ہے۔

بورڈ کی ساخت: ۳۰ جون ۲۰۲۵ تک بورڈ آف ڈائریکٹرز مندرجہ ذیل پر مشتمل ہے:

کل تعداد	مرد	خاتون	ساخت
۲	۱	۱	۱۔ آزاد ڈائریکٹر
۲	۱	۱	۲۔ دیگر غیر انتظامی ڈائریکٹر
۲	۱	۱	۳۔ انتظامی ڈائریکٹر
۱	۱	۰	۴۔ ایگزیکٹو ڈائریکٹر

جناب احمد شفیق، جناب عظیم افضل ہاشمی
جناب محبوب الہی، جناب فرخ احمد
جناب محفوظ الہی، جناب محمود الہی
شمیعہ بیگم

بورڈ کمیٹیاں:- بورڈ کمیٹیوں کے ارکان کے نام مندرجہ ذیل ہیں
آؤٹ کمیٹی:-

۱۔ جناب محبوب الہی

۲۔ جناب فرخ احمد

۳۔ جناب احمد شفیع

انسانی وسائل اور معاوضہ کمیٹی:-

۱۔ جناب محمود الہی

(ایچ آر اینڈ آر)

۲۔ جناب فرخ احمد

۳۔ جناب عظیم افضل باغی

ڈائریکٹران معاوضہ کی اہم خصوصیات:- بورڈ ڈائریکٹران نے ایچ آر اینڈ آر کمیٹی کی جانب سے پیش کردہ انتظامی اور غیر انتظامی ڈائریکٹران کے لیے ایک باضابطہ پالیسی کی منظوری دی ہے۔ جیسا کہ پالیسی کے مطابق کمیٹی اپنے آزاد اور غیر انتظامی ڈائریکٹران بورڈ اور کمیٹی کے اجلاس میں شرکت کی فیس کے علاوہ اور کوئی معاوضہ دلائیں کرے گی۔ انتظامی اور غیر انتظامی ڈائریکٹران کے مجموعی معاوضہ کی تفصیلات سالانہ رپورٹ کے ساتھ منسلک ہے۔

خطرات اور مواقع:- کمیٹی معمول کے مطابق کاروبار میں خطرات کا مقابلہ کرتی ہے اور بہتر مواقع فراہم کرتی ہے۔ مسابقتی رہنے کے لئے اور پائیدار کامیابی کو یقینی بنانے کے لیے خطرات مول لینا بہت اہم ہے۔ ہمارا خطرہ اور مواقع کا انتظام ایک مؤثر فریم ورک کا احاطہ کرتا ہے جس میں کاروبار کو بہتر ماحول میں منظم کیا جاسکتا ہے، خطرے کو کم کیا جاسکتا ہے اور بہتر مواقع حاصل ہوتے ہیں۔ کسی بھی انتخاب سے پہلے ہر خطرہ اور موقع کی مناسب طریقہ سے جانچ کی جاتی ہے۔ فیصلے صرف اس صورت میں لیے جاتے ہیں اگر مواقع خطرات سے زیادہ ہوں۔

کاروباری خطرات:- کمیٹی کو مندرجہ ذیل کاروباری خطرات کا سامنا ہے

پولیسٹری فراہمی اور قیمت:- مقامی اور بین الاقوامی مارکیٹوں میں پولیسٹری قیمتوں میں اضافہ ایک خطرہ ہے۔ کمیٹی رقم کی دستیابی کو دیکھتے ہوئے بڑی مقدار میں پولیسٹر خرید کر اس خطرے کو کم کرتی ہے۔

طلب اور قیمت:- ہمیں مقامی مارکیٹ میں اپنی مصنوعات کی طلب میں کمی اور مقابلہ کے خطرے کا سامنا ہے۔ ہم معیار پر سمجھوتہ کیے بغیر صارفین کے ساتھ مضبوط تعلقات استوار کر کے، اپنے گاہکوں کی بنیاد کو وسعت دے کر، صارفین کو بروقت ترسیل فراہم کر کے اس خطرے کو کم کرتے ہیں۔

توانائی کی دستیابی اور اخراجات:- توانائی کی برومٹی ہوئی اگت بجلی کی عدم دستیابی مینوفیکچرنگ کی صنعت کے لئے ایک بڑا خطرہ ہے۔ بجلی کی بندش کی وجہ سے کمیٹی نصب صلاحیت کو حاصل نہیں کر سکتی۔ جیسا کہ یہ کمیٹی کے اختیار میں نہیں ہے اس لئے کمیٹی اس خطرے کو کم نہیں کر سکتی۔

مالیاتی خطرات:- کمیٹی کو مندرجہ ذیل مالیاتی خطرات کا سامنا ہے،

کریڈیٹ رسک:- کمیٹی کا کریڈیٹ رسک اور اس کے تجارتی قرضوں سے متعلق نقصانات کا خطرہ اس کے ٹریڈ ڈسک سے متعلق ہے۔ یہ خطرہ اس حقیقت سے کم کیا جاتا ہے کہ ہمارے صارفین کی اکثریت ایک مضبوط مالی حیثیت رکھتے ہیں اور ہمارا اپنے گاہکوں کے ساتھ ایک طویل عرصے سے کاروباری تعلق ہے۔ ہمیں اپنے صارفین سے غیر کارکردگی کی توقع نہیں ہے، اس وجہ سے کریڈیٹ رسک کم سے کم ہے۔

لیکویڈیٹی رسک:- سپائرڈائریکٹران سے فنڈز کی دستیابی کی وجہ سے عام اور مشکل حالات میں یہ خطرہ کم سے کم ہے۔

سرمایہ کا خطرہ:- سرمایہ کے انتظام کے وقت ہمارا مقصد حصص یافتگان اور دیگر حصہ داران کو منافع میا کرنے کے لئے کمیٹی کی کاروباری صلاحیت کی حفاظت کرنا ہوتا ہے۔

مالی آلات میں قیمت کا خطرہ:- کمیٹی کو قیمت کا کوئی خطرہ نہیں ہے کیونکہ کمیٹی کے پاس ایسے کوئی مالی آلات نہیں ہیں جن کی قیمت یا مستقبل کا نقد بہاؤ مارکیٹ میں تبدیلی کی وجہ سے متاثر ہوں۔

کارپوریٹ گورننس: کمپنی کے ڈائریکٹر انتہائی مسرت کے ساتھ آپ کو آگاہ کرتے ہیں کہ:

۱۔ کمپنی کی انتظامیہ کی جانب سے تیار کی گئی مالی دستاویزات میں اس بات کو یقینی بنایا جاتا ہے کہ کمپنی کے معاملات، کاروباری افعال کے نتائج، ترسیل نقد رقم اور حصص میں رد و بدل جیسے معاملات کو ان دستاویزات میں شفاف انداز سے پیش کیا جائے۔

۲۔ کمپنی میں حساب کتاب سے متعلق باقاعدہ کھاتے مرتب کئے جاتے ہیں۔

۳۔ مالی دستاویزات کی تیاری کے سلسلے میں اکاؤنٹنگ کی مناسب پالیسیوں کو مستحکم اپنایا جاتا ہے اور اکاؤنٹنگ کے تمام ترجیحی معقولیت کی بنیاد پر لگائے جاتے ہیں۔

۴۔ مالی دستاویزات کی تیاری کے سلسلے میں پاکستان میں قابل اطلاق بین الاقوامی فنانسل رپورٹنگ اسٹینڈرڈز کا لحاظ رکھا گیا ہے۔

۵۔ اندرونی کنٹرول کا پروگرام ٹھوس ہے اور موثر طور پر عمل درآمد اور نگرانی کی جاتی ہے۔

۶۔ انتظامیہ نے کمپنی کو جاری و ساری رکھنے کیلئے ایک موثر منصوبہ بندی کر رکھی ہے۔

۷۔ کارپوریٹ گورننس کے ضوابط کی پاسداری سے ایسی کوئی روگردانی نہیں کی گئی جو قابل ذکر نہ ہو۔

۸۔ کمپنی کے گزشتہ سال کے آپریٹنگ نتائج میں معنی خیز تبدیلی اور ان کی وجوہات بیان کر دی گئی ہیں۔

۹۔ گزشتہ چھ سال کا مالیاتی گوشوارہ منسلک ہے۔

۱۰۔ اکاؤنٹس کے نوٹس میں درج کردہ ادائیگیوں کے علاوہ ٹیکس وغیرہ کی کوئی قانونی ادائیگیاں زیر التوا نہیں ہیں۔

۱۱۔ کمپنی ایک ان فنڈ گریجویٹ سیم پلار رہی ہے جسکی سرمایہ کاری نہیں کی گئی اور کمپنی کے کاروبار میں استعمال کے لئے رکھ دی گئی ہے۔

۱۲۔ اس سال بورڈ آف ڈائریکٹرز کے آٹھ اجلاس، آڈٹ کمیٹی کے پانچ اجلاس اور ایچ آر کمیٹی کے چار اجلاس منعقد کئے گئے ہیں۔ ہر ڈائریکٹر کی حاضری اس طرح رہی:

نام ڈائریکٹر بورڈ میٹنگ آڈٹ کمیٹی میٹنگ ایچ آر اینڈ آر میٹنگ

جناب محبوب الہی	۷	۵	-
جناب محفوظ الہی	۸	-	-
جناب محمود الہی	۸	-	۴
جناب فرخ احمد	۷	۵	۴
جناب احمد شفیع	۶	۵	-
جناب عظیم افضل ہاشمی	۵	-	۴
سر شمیمہ بیگم	۶	-	-

۱۳۔ کمپنی کے تین ڈائریکٹرز اپنی تعلیمی قابلیت اور مطلوبہ تجربہ کی وجہ سے ڈائریکٹرز میٹنگ پروگرام سے ہر ماہ میں اور ایس ای سی پی نے ان ڈائریکٹرز کو چھوٹ دی ہوئی ہے۔ دو بورڈ ممبرز نے مطلوبہ کورس اور سرٹیفکیٹ حاصل کیا ہے۔ بقیہ ڈائریکٹرز مقررہ وقت کے اندر ڈی ٹی پی پروگرام کے تحت سرٹیفکیٹ حاصل کر لیں گے۔

۱۴۔ کوڈ آف کارپوریٹ گورننس کے مطابق حصص یافتگی کا انداز بشمول ڈائریکٹرز، ایگزیکٹوز اور ان کے اہل خانہ کے حصص کے لین دین کو اس سالانہ رپورٹ میں شامل کیا گیا ہے۔

اعتراف:- بورڈ آف ڈائریکٹرز اپنے حصہ داران کے تعاون کے شکر گزار ہیں۔ انتظامیہ اور شفاف کے مابین تعلقات نہایت خوشگوار ہے۔ میں اور ساتھی ڈائریکٹرز شفاف ممبرز کو اپنی ذمہ داریاں احسن طریقہ سے انجام دینے پر ممنونیت کا اظہار کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے

Mahmood Z. alhi

محمود الہی
(ڈائریکٹر)

Mahmood Z. alhi

محفوظ الہی
(چیف ایگزیکٹو)

اسلام آباد

۲۶ ستمبر ۲۰۲۵

ELAHI COTTON MILLS LIMITED
STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE)
FOR THE YEAR ENDED JUNE 30, 2025

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

- 1 The total number of directors are seven as per the following:

a Male: 6 b Female: 1

- 2 The composition of board is as follows:

Category	Names
Independent Directors	Ahmed Shaffi, M. Azeem Afzal Hashmi
Executive Directors	Mahfooz Elahi, Mahmood Elahi
Non-Executive Directors	Mahboob Elahi, Farrukh Ahmad
Female Director	Samina Begum

Fractional figures on account of Independent Directors and Executive Directors have been rounded off to the nearest digit.

- 3 The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company.
- 4 The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- 5 The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of the particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 6 All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these regulations.
- 7 The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
- 8 The Board of directors has a formal policy and transparent procedure for remuneration of directors in accordance with the Act and Regulations.
- 9 Three Directors of the Company are exempt from Directors Training Program due to their qualification and relevant experience and SECP has granted exemption to these three Directors. Two Board members including one exempt Director has attained certification of Directors Training Program. The remaining Directors shall obtain certification under the DTP program in due course of time.
- 10 There was no new appointment of CFO, Company Secretary and Head of Internal Audit.
- 11 Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
- 12 The Board has formed Committees comprising of members given below:

- a) Audit Committee;
 • Ahmed Shaffi – Chairman



- Mahboob Elahi – Member
- Farrukh Ahmed – Member

b) Human Resource and Remuneration Committee:

- M. Azeem Afzal Hashmi – Chairman
- Mahmood Elahi – Member
- Farrukh Ahmed – Member

13 The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.

14 The frequency of meetings of the Committees was as per following:

a) Audit Committee

- 1st Quarter: 1 meeting.
- 2nd Quarter: 1 meeting.
- 3rd Quarter: 1 meeting.
- 4th Quarter: 2 meetings.

b) Human Resource and Remuneration Committee

- 1st Quarter: -
- 2nd Quarter: 1 meeting
- 3rd Quarter: -
- 4th Quarter: 3 meetings.

15 The Board has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

16 The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

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

19 We confirm that the Company has complied with respect to all other material requirements of the Regulations.



(MAHFOOZ ELAHI)
Chief Executive

ON BEHALF OF THE BOARD



(MAHMOOD ELAHI)
Director

Islamabad.
September 26, 2025

ELAHI COTTON MILLS LIMITED

LAST SIX YEARS AT A GLANCE

PARTICULARS	2023-24	2022-23	2021-22	2020-21	2019-20
Paid up capital	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000
Reserve		-	--	--	--
Fixed asset (at cost less depreciation)	177,892,062	158,144,784	160,857,458	126,598,189	125,430,225
Accumulated depreciation	36,004,770	30,924,195	26,329,267	21,987,686	17,962,142
Long term investment	--	--	--	--	--
Current assets	75,427,175	75,242,862	58,410,082	46,552,121	51,271,174
Current Liabilities	138,518,817	100,269,505	89,134,221	86,178,863	96,112,077
Income					
Sales	960,658,145	801,296,425	730,212,562	508,765,674	436,156,028
Other Income	617,836	306,726	526,379	1,416,736	681,809
Gross profit / (loss)	2,734,006	26,212,088	27,404,030	20,898,271	20,832,990
Pre tax profit / (loss)	(14,702,833)	9,429,953	13,669,551	11,844,216	12,032,630
Taxation (prior year)	--	15,531	--	(577,480)	(21,943)
Taxation (current year)	12,013,350	10,018,529	(9,130,760)	7,634,450	6,547,226
Profit/(loss) after taxation	(25,739,721)	820,081	5,456,266	5,314,069	6,404,213
Un-appropriated profit/(loss)	(39,609,891)	(44,886,434)	(45,816,232)	(52,048,073)	(58,480,232)

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

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

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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

ISLAMABAD

DATED: September 26, 2025
UDIN: CR202510060nafqRYOtS



CHARTERED ACCOUNTANTS

Engagement Partner: Atif Riaz

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELAHI COTTON MILLS LIMITED**Report on the Audit of the Financial Statements****Opinion**

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1.2 in the financial statements which indicates that as of June 30, 2025, the Company's current liabilities exceeded its current assets by Rs. 49.434 million. The accumulated losses have exceeded the issued, subscribed and paid up capital by Rs. 45.733 million as at June 30, 2025 and accumulated losses as of that date amounted to Rs. 58.733. These conditions, along with other matters as set forth in Note 1.2, indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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



We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No	Key audit matters	How the matter was addressed in our audit
1.	Revenue Recognition	
	<p>Refer Note 5.16 to the financial statements.</p> <p>The Company focuses on revenue as a key performance measure which could create an incentive for revenue to be recognised before the completion of performance obligation, resulting in a significant risk associated with revenue from an audit procedure.</p> <p>Due to the significant risk associated with revenue recognition and the work effort from the audit team, the recognition of revenue is considered to be a key audit matter.</p>	<p>Our audit procedures in relation to the revenue, included the following:</p> <ul style="list-style-type: none"> Assessing the appropriateness of the Company's revenue recognition accounting policies and their compliance with the applicable financial reporting framework. Performing detailed testing of the point at which control is transferred, supported by substantive procedures including inspection of underlying documentation. Performed analytical procedures to analyse variation in the price and quantity sold during the year. Testing a sample of sales transactions recorded around year-end to assess whether they were recognised in the correct accounting period. Assessing the adequacy of revenue-related disclosures in the financial statements in accordance with the applicable financial reporting framework.
2.	Valuation of Stock in trade	
	<p>Refer notes 5.4 and 9 to the financial statements.</p> <p>As at 30 June 2025 the company's stock in trade is amounted to Rs. 38.739 million, consisting 14% of the total assets. Several estimates and judgments are involved in the valuation of stock-in-trade, in determining the net realizable values, and in assessing the appropriate level of provisioning required for the stock in trade. This includes the assessment of available facts and circumstances, the physical condition of the stock in trade, market selling prices, and</p>	<p>Our audit procedures in this area included, amongst others:</p> <ul style="list-style-type: none"> Attending management's inventory counts and observed the process, including observing the process implemented by management to identify and monitor obsolete stock. Evaluated the appropriateness of the basis for identifying obsolete stock in trade and the accuracy of the provision for obsolete stock in trade as assessed by management. We have tested the



S. No	Key audit matters	How the matter was addressed in our audit
	the estimated selling cost of the stock-in-trade. The significance of the balance coupled with the estimates and judgments involved in their valuation has resulted in the stock in trade being considered as a key audit matter.	<p>accuracy of the ageing analysis of stock in trade on a sample basis.</p> <ul style="list-style-type: none"> Comparing the net realizable values, to the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards, and Assessing the adequacy of the related disclosures in the notes to the financials statements.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- 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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

ISLAMABAD

DATED: September 26, 2025
UDIN: AR202510060vfhAerCPz



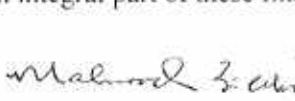
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

ELAHI COTTON MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	174,896,304	177,892,062
Long term security deposits		918,810	918,810
Loan and advances	7	4,929,750	5,052,750
		<u>180,744,864</u>	<u>183,863,622</u>
CURRENT ASSETS			
Short term prepayments		364,605	374,305
Stores, spares and loose tools	8	3,880,337	3,939,143
Stock in trade	9	38,739,116	33,181,882
Trade debts	10	35,114,638	19,982,867
Loan and advances	11	2,099,918	514,008
Short term investment	12	663,890	598,335
Sales tax refundable		421,083	-
Prepaid levy	13	4,345,417	3,001,431
Cash and bank balances	14	10,159,419	13,835,204
		<u>95,788,423</u>	<u>75,427,175</u>
TOTAL ASSETS		<u><u>276,533,287</u></u>	<u><u>259,290,797</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	13,000,000	13,000,000
Revaluation surplus on property, plant and equipment	16	138,408,462	141,098,316
Accumulated losses		(58,732,763)	(69,609,891)
		<u>92,675,699</u>	<u>84,488,425</u>
NON-CURRENT LIABILITIES			
Staff retirement benefits - gratuity	17	38,635,595	32,658,401
Financial liabilities	18	-	3,625,154
		<u>38,635,595</u>	<u>36,283,555</u>
CURRENT LIABILITIES			
Short term loan from directors	19	108,929,471	100,679,471
Trade and other payables	20	32,370,884	31,647,392
Financial liabilities	18	2,453,967	3,625,154
Lease liabilities	21	1,200,000	2,299,129
Unclaimed dividend		267,671	267,671
		<u>145,221,993</u>	<u>138,518,817</u>
TOTAL EQUITY AND LIABILITIES		<u><u>276,533,287</u></u>	<u><u>259,290,797</u></u>
CONTINGENCIES AND COMMITMENTS			
	22		

The annexed notes from 1 to 45 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
Sales - net	23	996,623,852	960,658,145
Cost of sales	24	<u>(954,986,185)</u>	<u>(957,924,139)</u>
Gross profit		41,637,667	2,734,006
Administrative expenses	25	<u>14,104,614</u>	<u>14,809,726</u>
Selling and distribution expenses		<u>2,460,500</u>	<u>2,019,100</u>
Other operating charges	26	<u>2,462,816</u>	<u>822,394</u>
		<u>(19,027,930)</u>	<u>(17,651,220)</u>
Operating Profit / (loss)		22,609,737	(14,917,214)
Other income	27	617,836	646,520
Finance cost	28	<u>(173,634)</u>	<u>(432,139)</u>
Profit / (loss) before income tax and minimum tax		23,053,939	(14,702,833)
Minimum tax	29	<u>(12,461,916)</u>	<u>(12,013,350)</u>
Profit / (loss) before income tax		10,592,023	(26,716,183)
Income tax	30	<u>-</u>	<u>976,462</u>
Profit / (loss) after taxation		<u>10,592,023</u>	<u>(25,739,721)</u>
Earning / (loss) per share - basic and diluted	32	<u>8.15</u>	<u>(19.80)</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.

refers


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
Profit / (loss) after taxation		10,592,023	(25,739,721)
Other comprehensive loss			
Items that will not be subsequently classified to profit or loss			
Loss on remeasurement of defined benefit liability	17.3	(2,404,749)	(1,960,818)
Total other comprehensive loss for the year		(2,404,749)	(1,960,818)
Total comprehensive income / (loss) for the year		<u>8,187,274</u>	<u>(27,700,539)</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2025

	Share capital	Reserves		Total
		Capital	Revenue	
	Issued, subscribed and paid-up capital	Revaluation surplus on property, plant and equipment	Accumulated loss	
		Rupees		
Balance as at July 01, 2023	13,000,000	134,831,533	(44,886,434)	102,945,099
Total comprehensive loss for the year ended June 30, 2024				
Loss for the year	-	-	(25,739,721)	(25,739,721)
Other comprehensive loss for the year	-	-	(1,960,818)	(1,960,818)
Transfer to/(from) revaluation surplus on property, plant and equipment:				
- On account of incremental depreciation-net of deferred tax	-	(2,977,082)	2,977,082	-
- On account of reversal of deferred taxation	-	9,243,865	-	9,243,865
16				
Balance as at June 30, 2024	13,000,000	141,098,316	(69,609,891)	84,488,425
Total comprehensive income for the year ended June 30, 2025				
Profit for the year	-	-	10,592,023	10,592,023
Other comprehensive loss for the year	-	-	(2,404,749)	(2,404,749)
Transfer from revaluation surplus on property, plant and equipment:				
- On account of incremental depreciation	-	-	8,187,274	8,187,274
16				
Balance as at June 30, 2025	13,000,000	138,408,462	(58,732,763)	92,675,699

The annexed notes from 1 to 45 form an integral part of these financial statements. *ds*

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CHIEF EXECUTIVE

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DIRECTOR

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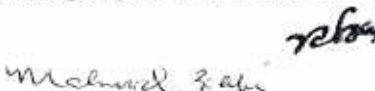
CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before income tax and minimum tax		23,053,939	(14,702,833)
Adjustments for non-cash income and expenses:			
Depreciation	6.1.3 & 6.2	7,296,758	6,021,702
Provision for gratuity		12,764,245	9,745,587
Financial charges	28	173,634	432,139
Profit on short term investment	12	(65,555)	(94,370)
		43,223,021	1,402,225
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spares and loose tools		58,806	(518,894)
Stock in trade		(5,557,234)	(6,145,007)
Trade debts		(15,131,771)	9,219,845
Loan and advances		(1,585,910)	57,902
Sales tax refundable		(421,083)	-
Short term prepayments		9,700	348,537
		(22,627,492)	2,962,383
(Decrease) / increase in current liabilities			
Financial liabilities		(4,796,341)	7,250,308
Trade and other payables		723,492	9,777,835
		(4,072,849)	17,028,143
Cash generated from operations		16,522,680	21,392,751
Income tax paid		(13,805,902)	(14,091,688)
Gratuity paid		(9,191,800)	(3,200,150)
Net cash (used in) / generated from operating activities		(6,475,022)	4,100,913
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6.1	(4,301,000)	(25,768,980)
Loans given to employees		123,000	(673,000)
Net cash used in investing activities		(4,178,000)	(26,441,980)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid	28	(72,763)	(164,870)
Lease payments		(1,200,000)	-
Short term loan from directors		8,250,000	23,479,925
Net cash generated from financing activities		6,977,237	23,315,055
Net (decrease) / increase in cash and cash equivalents		(3,675,785)	973,988
Cash and cash equivalents at the beginning of the year		13,835,204	12,861,216
Cash and cash equivalents at the end of the year	14	10,159,419	13,835,204

The annexed notes from 1 to 45 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1 STATUS AND NATURE OF BUSINESS

- 1.1 The Company was incorporated as a public limited company on June 22, 1970 under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The principal business of the Company is manufacture and sale of pure polyester yarn.
- 1.2 As of June 30, 2025, the Company's current liabilities exceeded its current assets by Rs. 49.434 million (2024: Rs. 63.092 million). The Company has accumulated loss of Rs. 58.733 million (2024: Rs. 69.610 million). The Company's accumulated losses exceeded the issued, subscribed and paid up capital by Rs. 45.733 million (2024: Rs. 56.610). These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern.

These financial statements have been prepared on going concern basis without any adjustment to assets and liabilities based on the profitable future projections. The management is also confident of improving profitability through streamlining the operations of the Company and based on projections, demonstrate increases in revenue and cash flows and hence improvement in the financial performance and position of the company, for the year ending June 30, 2025 and onwards.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at 270, sector I-9, Industrial Area, Islamabad. The mill (plant) of the Company is located at Mandra - Chakwal Road, Tehsil Gujar Khan, District Rawalpindi, Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017.

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

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain fixed assets which have been stated at revalued amount and recognition of certain staff retirement benefits at present value while short term investments are carried at fair value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

The preparation of these financial statements in conformity with approved accounting standards requires the management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historic experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are discussed in note 5.26.

3.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.4 Key judgements and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment – Note 5.26.3 & 6
- Provision for impairment of inventories - Note 5.26.1 & 9
- Obligation of defined benefit obligation - Note 5.26.5 & 17.1
- Estimation of contingent liabilities - Note 5.26.7 & 24

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4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2025

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

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024

4.2 New accounting standards, amendments and interpretations 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, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026

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	Effective date (annual periods beginning on or after)
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
IFRS 17 Insurance Contracts	January 01, 2027

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2027.

5 MATERIAL ACCOUNTING POLICY INFORMATION

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

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5.1 Property, plant and equipment

a) Operating fixed assets

Operating fixed assets except for freehold land, building and plant and machinery are stated at cost less accumulated depreciation or impairment, if any. Freehold land, building and plant and machinery are stated at cost / revalued amount less accumulated depreciation or impairment, if any.

Depreciation is charged on the basis of written down value method whereby cost or revalued amount of an asset is written off over its useful life without taking into account any residual value. Full month's depreciation is charged on addition, while no depreciation is charged in the month of disposal or deletion of assets.

Major renewals and repairs are capitalized and the assets so replaced are retired. Minor renewals or replacement, maintenance and repairs are charged to income as and when incurred. Gains or losses on disposal of property, plant and equipment are accounted for in statement of profit or loss.

Amount equivalent to incremental depreciation charged on revalued assets is transferred from surplus on revaluation of building and plant and machinery net of deferred taxation to retained earnings (unappropriated profit).

The assets' residual value and useful lives are reviewed, and adjusted if significant, at each statement of financial position date.

Disposal of assets is recognised when significant risks and reward incidental to the ownership have been transferred to buyers. Gain and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the statement of profit or loss accounts.

b) Revaluation surplus on property, plant and equipment

Any revaluation increase arising on the revaluation of land, buildings and plant and machinery is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in statement of profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant and machinery 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. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation buildings and plant and machinery to the extent of incremental depreciation charged is transferred to unappropriated profit.

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5.2 Impairment losses

The carrying amount of the Company's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognised as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Impaired assets are reviewed for possible reversal of the impairment at each statement of financial position date. Reversal of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognised. A reversal of impairment loss is recognised in the statement of profit or loss.

5.3 Stores, spares and loose tools

Stores and spares are stated at cost less provision for slow moving and obsolete items. Cost is determined by using the moving average method. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as tangible fixed assets under "Plant and machinery" category and are depreciated over a time period not exceeding the useful life of the related assets.

The Company reviews the carrying amount of stores and spares on a periodic basis and provision is made for slow moving and obsolescence on periodic basis.

5.4 Stock in trade

Stock in trade, except stock in transit, are valued at lower of cost and net realizable value. Cost is determined as follows:

- Raw materials - at moving average method except stock in transit
- Work in process - at cost of material plus proportionate production overheads
- Finished goods - at cost of material as above plus proportionate production overheads

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

Stock in transit is valued at cost comprising invoice value plus other charges thereon.

5.5 Trade receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

5.6 Loans and advances

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

5.7 Cash and bank balances

Cash in hand and at banks are carried at nominal amounts which is the fair value of cash and bank balances.

5.8 Share capital

Share capital is classified as equity and recognised at the face value. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity.

5.9 Staff retirement benefits

The Company operates an unfunded gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions are made based on actuarial recommendations and in line with the provisions of the Income Tax Ordinance, 2001. The most recent actuarial valuation is carried out at August 11, 2025 using the projected unit credit method (refer note 17). Actuarial gains and losses are recognised as income or expense in the other comprehensive income. The Company recognises expense in accordance with IAS 19 "Employee Benefits".

5.10 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

Current tax is the expected tax payable on the taxable income for the year based on taxable profits, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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Deferred

Deferred tax is computed using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on effective tax rates (normal tax expense / taxable income).

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.

5.11 Levy

Minimum tax, final tax and super-tax not based on taxable profits are recognised as a levy in the Profit and loss account. Any excess of expected income tax paid or payable for the year under the Ordinance over the amount designated as a levy is then recognised as current income tax expense in the profit and loss account.

5.12 Borrowing

Loans and borrowings are recorded at the amortised cost unless classified as fair value through profit and loss they are initially recognised when they are received and measured at amortised cost which is fair value of consideration. Mark up, interest and other borrowing costs are charged to statement of profit or loss in the period in which they are incurred.

Borrowing cost on long term finances which are specifically obtained for the acquisition of qualifying assets are capitalized up to the date of commencement of commercial production on the respective assets. All other borrowing costs are charged to statement of profit or loss account in the period in which these are incurred.

5.13 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 in the future for the goods and services received, whether or not billed to the Company.

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5.14 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting future cash flows at appropriate discount rate where ever required. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

5.15 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with leases with a lease term of 12 months or less and leases of low-value assets are recognised as an expense in the statement of profit or loss.

5.16 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue from sale of goods is shown net of sales tax. Revenue is recognised when the company completes its performance obligation in the contract. Due to nature of the business, revenue is recognised at point at time basis.

The revenue arising from different activities of the Company is recognised on the following basis:

- Local sales are recorded on dispatch of goods to customers.
- Scrap sales are recognised when delivery is made to customers.
- Interest income is recognised as revenue on time proportion basis.

5.17 Earnings per share

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

5.18 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalent comprise cash in hand, cash at bank and short term investments with maturity of not later than three months at known amount in rupees.

5.19 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at transactions with related parties are carried out at mutually agreed terms as approved by the Board of Directors of the Company.

5.20 Dividend and apportioning to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

5.21 Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortised cost.

Amortised cost

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

- (i) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity Investments at FVTOCI

These assets are initially measured at cost plus transaction cost that are directly attributable to its acquisition. Subsequently, these are measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL

These assets are initially recognised at cost. Subsequently, these are measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in statement of profit or loss.

Impairment

The Company recognises loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortised cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Financial liabilities

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

Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Derecognition

The financial assets are de-recognised when the Company loses control of the contractual right that comprise the financial assets. The financial liabilities are de-recognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.



5.22 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

5.23 Foreign currency translation

Transactions in foreign currencies are converted into Pak Rupees at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in the profit and loss account.

5.24 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which 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; or the Company has a present legal or constructive 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.

5.25 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

5.26 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the management to:-

- exercise its judgment in process of applying the Company's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

Judgments and assumptions have been required by the management in applying the Company's accounting policies in many areas. Actual results may differ from estimates calculated using these judgments and assumptions.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

ref

5.26.1 Provision for inventory obsolescence

The Company reviews the carrying amounts of stores, spares and loose tools and stock in trade on regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools and stock in trade.

5.26.2 Income taxes

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

5.26.3 Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuers and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and useful lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

5.26.4 Stores and spares

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding effect on amounts recognised in profit and loss account as provision / reversal.

5.26.5 Defined benefits plan

The management has exercised judgment in applying Company's accounting policies for classification of Post Employment Benefits as Defined Benefits Plan (refer note 5.9) that have the most significant effects on the amount recognised in the financial statements.

5.26.6 Expected credit losses

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. Company uses a provision matrix to calculate ECLs for trade receivables.

The provision matrix is initially based on the Company's historical observed default rates and forecast of economic conditions that are expected to deteriorate over the next year which can lead to an increased number of defaults. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

5.26.7 Contingencies

The Company reviews the status of all the legal cases on regular basis. Based on expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

	Note	2025 Rupees	2024 Rupees
6			
PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - owned	6.1	174,896,304	176,950,935
Right of use assets	6.2	-	941,127
		<u>174,896,304</u>	<u>177,892,062</u>

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6.1 OPERATING FIXED ASSETS - OWNED

The following is the statement of operating fixed assets:

Description	Free hold land		Buildings		Plant and machinery	Furniture and fixture and office equipment	Computer equipment	Power and other installations	Factory equipment and scientific instruments	Motor vehicles	Total
	Residential	Factory									
	Rupees										
Year ended June 30, 2025											
Net carrying value basis											
Opening book value	112,500,000	4,608,039	12,562,888	20,272,477	163,603	9	26,713,565	37,741	92,613	176,950,935	
Additions	-	-	-	-	-	-	4,301,000	-	-	4,301,000	
Depreciation charge	-	(230,402)	(1,256,289)	(2,027,248)	(16,360)	(3)	(2,803,032)	(3,774)	(18,523)	(6,355,631)	
Closing book value	112,500,000	4,377,637	11,306,599	18,245,229	147,243	6	28,211,533	33,967	74,090	174,896,304	
Gross carrying value basis											
Cost	112,500,000	6,131,809	21,585,291	36,452,998	1,207,777	5,000	34,971,423	2,001,887	2,400,520	217,256,705	
Accumulated depreciation	-	(1,754,172)	(10,278,692)	(18,207,769)	(1,060,534)	(4,994)	(6,759,890)	(1,967,920)	(2,326,430)	(42,360,401)	
Net book value	112,500,000	4,377,637	11,306,599	18,245,229	147,243	6	28,211,533	33,967	74,090	174,896,304	
Year ended June 30, 2024											
Opening book value	112,500,000	4,850,567	13,958,764	22,524,975	181,781	13	2,088,730	41,934	115,766	156,262,530	
Additions	-	-	-	-	-	-	25,768,980	-	-	25,768,980	
Depreciation charge	-	(242,528)	(1,395,876)	(2,252,498)	(18,178)	(4)	(1,144,145)	(4,193)	(23,153)	(5,080,575)	
Closing book value	112,500,000	4,608,039	12,562,888	20,272,477	163,603	9	26,713,565	37,741	92,613	176,950,935	
At June 30, 2024											
Cost	112,500,000	6,131,809	21,585,291	36,452,998	1,207,777	5,000	30,670,423	2,001,887	2,400,520	212,955,705	
Accumulated depreciation	-	(1,523,770)	(9,022,403)	(16,180,521)	(1,044,174)	(4,991)	(3,956,858)	(1,964,146)	(2,307,907)	(36,004,770)	
Net book value	112,500,000	4,608,039	12,562,888	20,272,477	163,603	9	26,713,565	37,741	92,613	176,950,935	
Annual rate of depreciation (%)	-	5%	10%	10%	10%	33%	10%	10%	20%		

6.1.1 Free hold land of the Company is located at Mandra - Chakwal road, Tehsil Gujar Khan, District Rawalpindi, Punjab, Pakistan with an area of 23.4 acres. Details of factory and residential buildings of the company constructed on this land are as follows:

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Location	Particulars	Covered Area (In sq.ft)
Mandra-Chakwal road, Tehsil Gujar Khan, District Rawalpindi, Punjab, Pakistan.	a) Main mill building including cotton godown, store room, canteen block, workshops and other civil works.	70,827
	b) Workers' accommodations, guard rooms, bungalows and BOQs houses.	14,744
		<u>85,571</u>

6.1.2 Revaluation of freehold land, building and plant and machinery

6.1.2.1 The Company has adopted the revaluation model for subsequent measurement of freehold land, buildings and plant and machinery. The Company carries out revaluation of these assets after every four years. Further details of revaluation carried out by the Company to date are as follows:

Name of independent valuer	Date of revaluation	Revaluation surplus Rs.
M/s Asrem (Private) Limited	December 31, 2021	38,507,325
M/s Asrem (Private) Limited	December 31, 2017	46,914,451
M/s Asrem (Private) Limited	June 30, 2014	43,795,541
M/s Asrem (Private) Limited	June 7, 2010	22,258,957
M/s Zia Consultants	June 30, 1996	33,215,659

6.1.2.2 M/s Asrem (Private) Limited are at the panel of professional valuers maintained by the State Bank of Pakistan and they have appropriate qualification and relevant experience in the fair value measurement of properties in the relevant location. The fair value of land was determined based on the market comparable approach that reflects recent transaction price for similar properties. The fair value of building was determined using cost approach, reflects the cost to a market participant to conduct assess of comparable utility and age, adjusted for depreciation factor, price factor and obsolescence.

6.1.2.3 Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

	2025 Rupees	2024 Rupees
Freehold land	299,995	299,995
Buildings on freehold land	769,559	810,062
Plant and machinery	4,445,411	4,939,345
	<u>5,514,965</u>	<u>6,049,402</u>

6.1.2.4 The forced sale value of the revalued freehold land, buildings and plant and equipment at the time of revaluation was assessed at Rs. 101.250 million, Rs. 17.250 million and Rs. 21.076 million respectively.

	2025 Rupees	2024 Rupees
6.1.3 Depreciation for the year has been allocated as follows:		
Cost of sales	6,090,343	4,796,712
Administrative expenses	265,288	283,863
	<u>6,355,631</u>	<u>5,080,575</u>

6.2 Right of use asset

Buildings:

Cost

As at July 01,	2,823,381	2,823,381
Additions during the year	-	-
As at June 30,	2,823,381	2,823,381

Accumulated depreciation

As at July 01,	1,882,254	941,127
Depreciation charge during the year	941,127	941,127
As at June 30,	2,823,381	1,882,254

Net book value	<u>-</u>	<u>941,127</u>
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Useful life (years)	3	3
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6.2.1 Depreciation expense relating to right of use asset has been charged to administrative expenses.

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		2025	2024
	Note	Rupees	Rupees
7 LOAN AND ADVANCES			
As at July 01,		5,441,750	4,832,750
Disbursements		9,585,700	2,735,000
Receipts		(9,283,700)	(2,126,000)
As at June 30,		<u>5,743,750</u>	<u>5,441,750</u>
Current portion of loan and advances	11	<u>(814,000)</u>	<u>(389,000)</u>
		<u>4,929,750</u>	<u>5,052,750</u>

- 7.1 These balances represent interest free loans and advances given to employees. These balances are carried at cost as the impact of amortisation is not material in respect of these financial statements.

		2025	2024
		Rupees	Rupees
8 STORES, SPARES AND LOOSE TOOLS			
Stores		3,803,268	3,788,668
Spares		77,069	150,475
		<u>3,880,337</u>	<u>3,939,143</u>

- 8.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

		2025	2024
		Rupees	Rupees
9 STOCK IN TRADE			
Raw material		7,655,425	8,366,668
Work in process		5,339,207	5,851,217
Finished goods		25,599,514	18,920,508
Waste		144,970	43,489
		<u>38,739,116</u>	<u>33,181,882</u>

- 9.1 The aggregate amount of write - down of finished goods to net realisable value recognised as an expense during the year was Rs. 159,701 (2024: Rs. 241,024).

		2025	2024
		Rupees	Rupees
10 TRADE DEBTS			
Unsecured - considered good		<u>35,114,638</u>	<u>19,982,867</u>

- 10.1 All trade receivables are in respect of local sales.

- 10.2 No expected credit loss has been recognised against trade debts, as management believes these balances are fully recoverable.

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	Note	2025 Rupees	2024 Rupees
10.3	The aging of trade debts at the reporting date is as follows:		
	Past due 1-30 days	27,271,100	16,913,644
	Past due 30-90 days	7,102,113	1,225,121
	Past due 90 days	741,425	1,844,102
		<u>35,114,638</u>	<u>19,982,867</u>

11 LOAN AND ADVANCES

Unsecured-considered good			
against suppliers	11.1	1,285,918	125,008
against employees		-	-
Current portion of long-term loans	7	814,000	389,000
		<u>2,099,918</u>	<u>514,008</u>

11.1 This represents advances to suppliers in the normal course of business. These are unsecured and does not carry any interest or mark-up.

	Note	2025 Rupees	2024 Rupees
12	SHORT TERM INVESTMENT		
	Fair value through profit and loss		
	As at July 01,	598,335	503,965
	Fair value gain	65,555	94,370
	As at June 30,	<u>663,890</u>	<u>598,335</u>

12.1 This represents investment in 6,423.5573 units of HBL Cash Fund in HBL Asset Management Limited at cost of Rs. 500,000.

	Note	2025 Rupees	2024 Rupees
13	PREPAID LEVY		
	As at July 01,	3,001,431	923,093
	Additions	13,805,902	14,091,688
	Less: minimum tax for the year	(12,461,916)	(12,013,350)
	As at June 30,	<u>4,345,417</u>	<u>3,001,431</u>

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			2025 Rupees	2024 Rupees
14	CASH AND BANK BALANCES	Note		
	Cash in hand		103,165	44,244
	Cash at banks			
	Current accounts - Local currency		683,568	366,486
	Saving accounts - Local currency			
	-Conventional		-	-
	-Islamic	14.1	9,372,686	13,424,474
			<u>10,159,419</u>	<u>13,835,204</u>

- 14.1 Saving account carries mark up at the rates ranging from 1.57% to 3.04% (2024: 3.04% to 3.41%) per annum.

			2025 Rupees	2024 Rupees
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15 SHARE CAPITAL

15.1 Authorized share capital

Number of ordinary shares of Rs. 10/- each				
2025	2024			
5,000,000	5,000,000	Ordinary shares of Rs. 10 each	50,000,000	50,000,000

15.2 Issued, subscribed and paid up capital

Number of ordinary shares of Rs. 10/- each				
2025	2024			
1,300,000	1,300,000	Ordinary shares of Rs. 10 each fully paid in cash	13,000,000	13,000,000

- 15.3 All ordinary shares rank equally with regard to entitlement of dividend, voting rights, board selection, right of final refusal and block voting.

16 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

The revaluation surplus represents net cumulative increase in the carrying amount as a result of revaluation of property, plant and equipment carried at revalued amount.

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	2025 Rupees	2024 Rupees
Revaluation surplus as at July 01,	141,098,316	144,075,398
Less: Transferred to equity in respect of incremental depreciation charged during the year-net of deferred tax	2,689,854	2,977,082
Related deferred tax liability during the year transferred to profit or loss account	-	-
	<u>2,689,854</u>	<u>2,977,082</u>
	138,408,462	141,098,316
Less: Related deferred tax effect:		
Balance as at July 01,	-	9,243,865
Transferred to revaluation surplus	-	(9,243,865)
Related deferred tax liability during the year transferred to profit or loss account	-	-
	<u>-</u>	<u>-</u>
	<u>138,408,462</u>	<u>141,098,316</u>

- 16.1 The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

	Note	2025 Rupees	2024 Rupees
17 STAFF RETIREMENT BENEFITS - GRATUITY			
Staff retirement benefits - gratuity	17.1	<u>38,635,595</u>	<u>32,658,401</u>

17.1 Staff retirement benefits - gratuity

General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn gross salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at August 11, 2025 using the Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

Final salary risk: The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Discount rate fluctuation: The plan liabilities are calculated using a discount rate set with reference to market yields on government bonds. A decrease in market yields on government bonds will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Mortality rate risk: The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants during employment. An improvement in the mortality rates of the participants may increase/ decrease the liability and vice versa depending on the age-service distributing of the exiting employees.

Withdrawal rate risk: The present value of the defined benefit liability is calculated by reference to the best estimate of the withdrawal rate / attrition rate of plan participants. As such, an increase in the withdrawal rate may increase/decrease the liability and vice versa depending on the age-service distribution of the exiting employees.

Principal actuarial assumptions

Following are a few important actuarial assumptions used in the valuation:

	2025	2024
Discount rate (%)	11.75	14.75
Expected rate of return on plan assets (%)	-	-
Expected rate of increase in salary (%)	10.75	13.75
Average expected remaining working life time of employee (Years)	8	8
Weighted average duration of the defined benefits obligation (Years)	7	7
Mortality profile	SLIC (2001-05)	
	2025 Rupees	2024 Rupees
17.2 Reconciliation of balance due to defined benefit plan		
Present value of defined benefit obligation	38,635,595	32,658,401
17.3 Movement in present value of defined benefit obligations		
Opening present value of defined benefit obligations	32,658,401	24,152,146
Current service cost for the year	8,625,026	6,080,875
Interest cost for the year	4,139,219	3,664,712
Benefits paid during the year	(9,191,800)	(3,200,150)
Remeasurement loss on obligation	2,404,749	1,960,818
Closing present value of defined benefit obligations	38,635,595	32,658,401

	2025 Rupees	2024 Rupees
17.4 Charge for the year in statement of profit or loss		
Current service cost	8,625,026	6,080,875
Interest cost	4,139,219	3,664,712
Charge for the year	<u>12,764,245</u>	<u>9,745,587</u>

17.5 Remeasurement chargeable to other comprehensive income

Remeasurement loss on defined obligation due to:

Experience adjustment	<u>2,404,749</u>	<u>1,960,818</u>
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17.6 The Company has no plan assets, therefore fair value and movement in the fair value of plan assets has not been presented.

17.7 Sensitivity analysis

The calculation of the defined benefit obligations sensitive to the assumption set out above. The following table summaries how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by one percent.

	Increase in Assumption Rupees	Decrease in Assumption Rupees
Discount rate	35,971,628	41,422,078
Salary increase	41,491,312	35,968,053

17.8 The charge in respect of defined benefit plan for the year ending June 30, 2026 is estimated to be Rs. 13,547 million.

17.9 There are no plan assets, therefore, disclosure in respect to plan assets required as per IAS 19 "Employee Benefits" has not been made in these financial statements.

17.10 Comparison of five years

Comparison of present value of defined benefit obligation and experience adjustment on obligation for the current and preceding four years is as follows:

	2025	2024	2023	2022	2021
Present value of benefit	38,635,595	32,658,401	24,152,146	19,025,428	16,344,032

17.11 Undiscounted expected benefit payments from active employees

	Year 1	Year 2 to 5	Year 6 to 10
	-----Rupees-----		
Expected benefits payments	4,910,690	27,072,678	47,011,263
	Note	2025 Rupees	2024 Rupees
18 FINANCIAL LIABILITIES			
Payable to IESCO	18.1	2,453,967	7,250,308
Less: current portion of payable to IESCO		(2,453,967)	(3,625,154)
		-	3,625,154

18.1 This refers to the Fuel Cost Surcharge imposed by Islamabad Electric Supply Company Limited (IESCO) as a levy in the company's monthly electricity bills from July 2022 onwards. The deferred charges, amounting to Rs 7.250 million, is paid in 24 equal monthly instalments. First installement was due on July 01, 2024. The liability is recorded at carrying value as the impact of amortisation is immaterial in respect of these financial statements.

	Note	2025 Rupees	2024 Rupees
19 SHORT TERM LOAN FROM DIRECTORS			
As at July 01,	19.1	100,679,471	77,199,546
Additions	19.2	8,750,000	24,000,000
Payments		(500,000)	(520,075)
As at June 30,		108,929,471	100,679,471

19.1 This represents unsecured interest free loan from two directors and Chief Executive of the Company. The loan was payable on July 01, 2015. As these are now payable on demand, therefore all amounts have been transferred to current liabilities in the financial statements.

19.2 This represents unsecured interest free loan from two Directors and Chief Executive of the Company to meet the working capital requirements and installation of Solar system at the mills premises. These are payable on demand.

		2025	2024
	Note	Rupees	Rupees
20	TRADE AND OTHER PAYABLES		
Creditors		2,775,895	3,762,135
Accrued expenses		24,119,620	25,051,796
Advances from customers		2,191,667	1,498,625
Government dues		1,252,377	1,070,308
Workers' profit participation fund	20.1	1,239,546	-
Workers' welfare fund		504,940	7,510
Income tax withheld		283,048	53,007
Zakat payable		3,791	3,791
Sales tax payable		-	200,220
		<u>32,370,884</u>	<u>31,647,392</u>
20.1	Workers' Profit Participation Fund		
Balance at July 01,		-	510,884
Allocation for the year		1,239,546	-
Amount paid during the year		-	(510,884)
Balance at June 30,		<u>1,239,546</u>	<u>-</u>
21	LEASE LIABILITIES		
Current portion of lease liabilities	21.1	<u>1,200,000</u>	<u>2,299,129</u>
21.1	Movement of lease liabilities		
As at July 01,		2,299,129	2,031,860
Additions		-	-
Payments		(1,200,000)	-
Interest expense for the year		100,871	267,269
As at June 30,		<u>1,200,000</u>	<u>2,299,129</u>
Current		1,200,000	2,299,129
Non-current		-	-
		<u>1,200,000</u>	<u>2,299,129</u>
21.1.1	Maturity analysis of lease liability		
Up to one year		1,200,000	2,400,000
After one year		-	-
		<u>1,200,000</u>	<u>2,400,000</u>
Future finance charges		-	(100,871)
Present value of lease liability		<u>1,200,000</u>	<u>2,299,129</u>

	2025 Rupees	2024 Rupees
21.1.2 Amounts recognised in statement of profit or loss		
Interest on lease liabilities	<u>100,871</u>	<u>267,269</u>
21.1.3 Amounts disclosed in the statement of cash flows		
Total cash outflows for lease	<u>1,200,000</u>	<u>-</u>

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

There are no contingencies at the reporting date (2024: Nil).

22.2 Commitments

There are no commitments at the reporting date (2024: Nil).

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	Note	2025 Rupees	2024 Rupees
23 SALES			
Yarn		1,175,130,258	1,132,034,968
Waste		885,885	1,541,641
		<u>1,176,016,143</u>	<u>1,133,576,609</u>
Less: sales tax		(179,392,291)	(172,918,464)
		<u>996,623,852</u>	<u>960,658,145</u>

24 COST OF SALES

Raw material consumed	24.1	658,689,564	650,847,928
Store and spares consumed	24.2	19,011,121	17,522,154
Salaries, wages and other benefits	24.3	153,780,641	123,358,364
Power charges		123,171,607	162,397,111
Depreciation	6.1.3	6,090,343	4,796,712
Repairs and maintenance		359,550	339,525
Insurance		151,836	580,991
		<u>961,254,662</u>	<u>959,842,785</u>
Work in process			
Opening		5,851,217	4,712,593
Closing	9	(5,339,207)	(5,851,217)
		<u>512,010</u>	<u>(1,138,624)</u>
Cost of goods manufactured		<u>961,766,672</u>	<u>958,704,161</u>
Finished goods			
Opening		18,920,508	17,910,450
Closing		(25,599,514)	(18,920,508)
		<u>(6,679,006)</u>	<u>(1,010,058)</u>
Waste			
Opening		43,489	273,525
Closing		(144,970)	(43,489)
		<u>(101,481)</u>	<u>230,036</u>
Cost of goods sold		<u>954,986,185</u>	<u>957,924,139</u>

24.1 Raw material consumed

Opening stock	8,366,668	4,140,307
Add: purchases	657,978,321	655,074,289
Cost of raw materials available for use	<u>666,344,989</u>	<u>659,214,596</u>
Less: closing stock	(7,655,425)	(8,366,668)
	<u>658,689,564</u>	<u>650,847,928</u>

	2025 Rupees	2024 Rupees
24.2 Store and spares consumed		
Opening stock	3,939,143	3,420,249
Add: purchases	18,952,315	18,041,048
	22,891,458	21,461,297
Less: closing stock	(3,880,337)	(3,939,143)
	19,011,121	17,522,154

24.3 Salaries, wages and other benefits includes an amount of Rs. 13,025,135 (2024: Rs. 7,248,033) in respect of staff retirement benefits.

	Note	2025 Rupees	2024 Rupees
25 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	25.1	9,376,682	10,181,335
Directors' remuneration	31	278,400	278,400
Motor running expenses		1,715,513	1,443,060
Depreciation	6.1.3 & 6.2	1,206,415	1,224,990
Subscription and membership fee		494,452	507,270
Zakat	25.2	350,000	500,000
Telephone expenses		119,300	141,786
Traveling and conveyance		139,320	95,940
Entertainment		92,256	98,539
Advertisement		59,930	57,690
Printing, stationery and periodicals		45,290	25,080
Rates and taxes		11,465	8,449
Misc. expenses		215,591	247,187
		14,104,614	14,809,726

25.1 Salaries and other benefits include Rs. 1,348,460 (2024: Rs. 2,497,554) in respect of staff retirement benefits.

25.2 This represent zakat given to Child Life Foundation and Friends Welfare Trust amounting to Rs. 250,000 and Rs. 100,000 respectively. No charitable contributions were paid to any organisation, in which the directors, or spouses of the directors of the Company, had any interest.

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	Note	2025 Rupees	2024 Rupees
26 OTHER OPERATING CHARGES			
Legal and professional expenses		209,840	312,394
Auditor's remuneration	26.1	516,000	510,000
Workers' profit participation fund		1,239,546	-
Workers' welfare fund		497,430	-
		<u>2,462,816</u>	<u>822,394</u>

26.1 Auditor's remuneration

Statutory audit		430,000	430,000
Half yearly review		66,000	60,000
Fee for other certification		20,000	20,000
		<u>516,000</u>	<u>510,000</u>

27 OTHER INCOME

Scrap sales		329,430	409,892
Liabilities written back	27.1	161,564	59,253
Income from dividend		86,090	-
Bank profit		39,764	177,375
Unrealised gain on short term investment		943	-
Gain on short term investment		45	-
		<u>617,836</u>	<u>646,520</u>

27.1 Liabilities written back includes outstanding payables over three years.

	Note	2025 Rupees	2024 Rupees
28 FINANCE COST			
Interest on lease liability		100,871	267,269
Bank commission and charges		72,763	164,870
		<u>173,634</u>	<u>432,139</u>

29 MINIMUM TAX

Minimum tax under section 113		<u>12,461,916</u>	<u>12,013,350</u>
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29.1 This represents minimum tax paid under section 113 of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

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	2025 Rupees	2024 Rupees
30 INCOME TAX		
Provision for taxation		
Current	-	-
Prior year	-	-
Deferred	-	(976,462)
	<u>-</u>	<u>(976,462)</u>

- 30.1 The Company has adopted the approach of recognising amount calculated on revenue as a levy under IFRIC 21/IAS 37 as an operating expense, with any excess recognised as current income tax under IAS 12. Since the Company is expected to remain in a non-tax/levy regime with a zero effective tax rate for the foreseeable future, no deferred tax is recorded in these financial statements.
- 30.2 Numerical reconciliation between applicable tax rate and average effective tax rate has not been prepared as the Company was subject to minimum tax in the current year and prior year.

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31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

- a) The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

	2025			2024				
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
-----Rupees-----								
Managerial remuneration	278,400	-	-	278,400	278,400	-	-	278,400
Medical	139,500	-	-	139,500	198,992	-	-	198,992
Utilities	42,004	-	-	42,004	38,510	-	-	38,510
Others	73,343	19,500	-	92,843	150,403	34,500	-	184,903
Total	533,247	19,500	-	552,747	666,305	34,500	-	700,805
Number of persons	1	6	-	7	1	6	-	7

- b) The aggregate amount charged in the financial statements for remuneration, including all benefits to Executive directors and Non executive directors of the Company is as follows:

	2025			2024		
	Executive Directors	Non Executive Directors	Total	Executive Directors	Non Executive Directors	Total
-----Rupees-----						
Managerial remuneration	533,247	-	533,247	666,305	-	666,305
Number of persons	2	5	7	2	5	7

- c) Board meeting fee was paid to non-executive directors amounting to Rs. 15,500 during the year (2024: Rs. 27,500).

	2025 Rupees	2024 Rupees
32 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED		
Profit / (loss) after taxation (Rupees)	<u>10,592,023</u>	<u>(25,739,721)</u>
Weighted average number of ordinary shares at the end of the year (Numbers)	<u>1,300,000</u>	<u>1,300,000</u>
Earning / (Loss) per share - basic and diluted (Rupees)	<u>8.15</u>	<u>(19.80)</u>

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

33 TRANSACTIONS WITH RELATED PARTIES

- 33.1 The related parties and associated undertakings of the Company comprise of associated companies, directors and key management personnel. Transactions with related parties and associated undertakings involve rent and advance for working capital requirements. These transactions are as follows:

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	2025 Rupees	2024 Rupees
Taj Mills Limited	Associated company by virtue of common directorship	Lease rentals paid / payable	1,200,000	2,299,129
		Amount payable at year end	<u>1,200,000</u>	<u>2,299,129</u>
Mahboob Elahi	Director - 43.32%	Loan received	6,000,000	12,000,000
		Amount payable at year end	<u>74,275,546</u>	<u>68,275,546</u>
Mahfooz Elahi	Chief Executive - 15.36%	Adjustment / repayment of long term loan	(500,000)	(520,075)
		Loan received	1,750,000	6,500,000
		Amount payable at year end	<u>22,978,925</u>	<u>21,728,924</u>
Mahmood Elahi	Director - 15.40%	Loan received	1,000,000	5,500,000
		Amount payable at year end (Loan obtained previously)	<u>11,675,000</u>	<u>10,675,000</u>

33.2 Compensation to key management personnel

The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 31)". There are no transactions with key management personnel other than under their terms of employment.

33.3 The status of outstanding balances of related parties as at June 30, 2025 are included in "Short term loan from directors" (note 19).

34 SEGMENT INFORMATION

The Company has a single operating segment i.e sale of pure polyester yarn.

refer

35 FINANCIAL ASSETS AND LIABILITIES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows: -

2025					
Total	Interest/mark up bearing			Not interest /mark up bearing	
	Maturity up to one year	Maturity after one year	Sub-total		
-----Rupees-----					
Financial assets					
Carried at fair value					
Short term investment	663,890	663,890	-	663,890	-
At amortized cost					
Long term security deposits	918,810	-	-	-	918,810
Trade debts	35,114,638	-	-	-	35,114,638
Loan and advances	5,743,750	-	-	-	5,743,750
Cash and bank balances	10,159,419	9,372,686	-	9,372,686	786,733
	52,600,507	10,036,576	-	10,036,576	42,563,931
Financial liabilities					
At amortized cost					
Short term loan from directors	108,929,471	-	-	-	108,929,471
Provision for gratuity	38,635,595	-	-	-	38,635,595
Trade and other payables	29,896,169	-	-	-	29,896,169
Lease liabilities	1,200,000	1,200,000	-	1,200,000	-
Financial liabilities	2,453,967	2,453,967	-	2,453,967	-
Unclaimed dividend	267,671	-	-	-	267,671
	181,382,873	3,653,967	-	3,653,967	177,728,906
On balance sheet gap	(128,782,366)	6,382,609	-	6,382,609	(135,164,975)
Off balance sheet items					
Financial commitments:	-	-	-	-	-
Total Gap	(128,782,366)	6,382,609	-	6,382,609	(135,164,975)

2024					
Total	Interest/mark up bearing			Not interest /mark up bearing	
	Maturity up to one year	Maturity after one year	Sub-total		
-----Rupees-----					
Financial assets					
Carried at fair value					
Short term investment	598,335	598,335	-	598,335	-
At amortized cost					
Long term security deposits	918,810	-	-	-	918,810
Trade debts	19,982,867	-	-	-	19,982,867
Loan and advances	5,441,750	-	-	-	5,441,750
Cash and bank balances	13,835,204	13,424,474	-	13,424,474	410,730
	40,776,966	14,022,809	-	14,022,809	26,754,157
Financial liabilities					
At amortized cost					
Short term loan from directors	100,679,471	-	-	-	100,679,471
Provision for gratuity	32,658,401	-	-	-	32,658,401
Trade and other payables	21,567,414	-	-	-	21,567,414
Lease liability	2,299,129	2,299,129	-	2,299,129	-
Financial liabilities	7,250,308	7,250,308	-	7,250,308	-
Unclaimed dividend	267,671	-	-	-	267,671
	164,722,394	9,549,437	-	9,549,437	155,172,957
On balance sheet gap	(123,945,428)	4,473,372	-	4,473,372	(128,418,800)
Off balance sheet items					
Financial commitments:	-	-	-	-	-
Total Gap	(123,945,428)	4,473,372	-	4,473,372	(128,418,800)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

- 36.1 The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes currency risk, interest rate risk and price risk) arising from the financial instruments it holds.

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

36.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted and arises principally from trade debts. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. Out of total financial assets of Rs. 52.601 million (2024: Rs. 40.777 million), the financial assets which are subject to credit risk amounted to Rs. 52.497 million (2024: Rs. 40.733 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2025 Rupees	2024 Rupees
Long term security deposits	918,810	918,810
Trade debts	35,114,638	19,982,867
Short term investment	663,890	598,335
Loans and advances	5,743,750	5,441,750
Bank balances	10,056,254	13,790,960
	<u>52,497,342</u>	<u>40,732,722</u>

The aging of trade debts at the reporting date is as follows:

Past due 1-30 days	27,271,100	16,913,644
Past due 30-90 days	7,102,113	1,225,121
Past due 90 days	741,425	1,844,102
	<u>35,114,638</u>	<u>19,982,867</u>

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. The ratings of banks range from A1+ to AAA.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year no assets have been impaired.

36.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	2025			2024		
	Upto one year	After one year	Total	Upto one year	After one year	Total
	-----Rupees-----					
Staff retirement benefits - gratuity	-	38,635,595	38,635,595	-	32,658,401	32,658,401
Short term loan from directors	108,929,471	-	108,929,471	100,679,471	-	100,679,471
Financial liabilities	2,453,967	-	2,453,967	3,625,154	3,625,154	7,250,308
Lease liability	1,200,000	-	1,200,000	1,200,000	1,099,129	2,299,129
Trade and other payables	32,370,884	-	32,370,884	31,647,392	-	31,647,392
Dividend payable/ Unclaimed	267,671	-	267,671	267,671	-	267,671
	145,221,993	38,635,595	183,857,588	137,419,688	37,382,684	174,802,372

36.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

(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 arise in financial instruments that are denominated in foreign currencies i.e. in a currency other than the functional currency in which they are measured.

Presently the Company is not exposed to foreign currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises

from long term loans and short borrowings. At the statement of financial position date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2025	2024	2025	2024
	Rates		Carrying amount	
	In Percent		----- Rupees -----	
Financial assets				
Bank balances	0.13 to 0.25	0.25 to 0.28	9,372,686	13,424,474

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increase / (decrease) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the prior year.

	Profit and loss (post tax)	
	100 bps increase	100 bps decrease
	----- Rupees -----	
As at June 30, 2025		
Cash flow sensitivity - Variable rate financial assets	66,546	(66,546)
As at June 30, 2024		
Cash flow sensitivity - Variable rate financial assets	95,314	(95,314)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

(iii) Other 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 interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to price risk, because of the investments held by the Company classified as investment at fair value through profit or loss of Rs. 663,890 (2024: 598,335).

37 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset either directly that is, derived from prices.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

As of the reporting date, financial instruments of the Company includes financial instruments carried at fair value through profit and loss only.

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

- 37.1 The Company has revalued its freehold land, buildings and plant and machinery on December 31, 2021. Fair value of property plant and equipment are based on the valuations carried out by an independent valuer M/s Asrem (Private) Limited on the basis of market value.
- 37.2 The fair value of investments in HBL Cash Funds is considered to be Level 1, as their prices are quoted in an active market. The fair value of land and building are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation and fair value of plant and machinery are considered to be level 3 in the fair value hierarchy due to significant unobservable inputs used in the valuation.

Valuation techniques used to derive level 2 fair values - Land and Building

Fair value of land and building has been derived using a sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. Moreover value of building also depends upon the type of construction, age and quality. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

Valuation techniques used to derive level 3 fair values - Plant and Machinery

In the absence of current prices in an active market, the fair value is determined by taking into account the following factors:

- Make, model, country of origin and etc.;
- Operational capacity;

- Present physical condition;
- Resale prospects; and
- Obsolescence.

The valuation is considered to be level 3 in the fair value hierarchy due to the above unobservable inputs used in the valuation. Most significant input in this valuation is the current replacement cost which is adjusted for factors above.

- 37.3 A reconciliation from opening balances to closing balances of fair value measurements categorized in level 3 is provided below:

	2025 Rupees	2024 Rupees
Opening balance (level 3 recurring fair values)	20,272,477	22,524,975
Additions - Cost	-	-
Revaluation surplus during the year	-	-
Depreciation charge	(2,027,248)	(2,252,498)
Closing balance (level 3 recurring fair values)	<u>18,245,229</u>	<u>20,272,477</u>

There were no transfers between levels 2 and 3 for recurring fair value measurements during the year.

- 37.4 Had there been no revaluation, the net book value of the specific classes of operating assets have been disclosed in note 6.

38 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities	Equity		Total
	Short term loan from Director	Share capital	Accumulated loss	
Balance at July 01, 2024	100,679,471	13,000,000	(69,609,891)	44,069,580
Changes from financing cash flows				
Proceeds from loan and borrowings	8,750,000	-	-	8,750,000
Repayments of loan and borrowings	(500,000)	-	-	(500,000)
Total changes from financing cash flows	8,250,000	-	-	8,250,000
Equity related				
Total comprehensive loss for the year	-	-	8,187,274	8,187,274
Transfer from revaluation surplus	-	-	2,689,854	2,689,854
Total equity related other changes	-	-	10,877,128	10,877,128
Balance as at June 30, 2025	108,929,471	13,000,000	(58,732,763)	63,196,708



39 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with reference to disclosure requirements of fourth schedule of the Companies Act, 2017 relating to "All Shares Islamic Index".

Description	Explanation	2025 Rupees	2024 Rupees
Loans and advances	Non-interest bearing	-	-
Deposits	Non-interest bearing	-	-
Segment revenue	The Company has only one segment	-	-
Bank balances as at June 30,	Placed under interest arrangement Placed under Shariah permissible arrangements	9,372,686	12,483,127
Income on bank deposits	Placed under interest arrangement Placed under Shariah permissible arrangements	39,764	16,203
Gain/(loss) on available-for-sale investments		-	-
Dividend income		-	-
All sources of other income disclosed in note 27		-	-
Exchange gain	Earned from actual currency	-	-
Relationship with banks having Islamic windows	Meezan Bank Limited	-	-

There is no other bank balance / investments which carry any interest or markup arrangements.

40 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

	2025 Rupees	2024 Rupees
Capital structure of company is as follows		
Equity	92,675,699	84,488,425
Short term loan from directors	108,929,471	100,679,471
Gearing ratio	54.03%	54.37%

41 PLANT CAPACITY, PRODUCTION AND EMPLOYEES

No. of spindles installed	8,388	8,388
Installed capacity converted into 20's count lbs.	6,601,618	6,601,618
Actual production converted into 20's count lbs.	4,441,400	4,018,190
Actual production in lbs.	4,084,700	3,904,100
Average count manufactured	22	21
No. of shifts worked daily	2	2

41.1 Reasons for under utilization of capacity

The Company could not achieve the installed capacity due to excessive electricity shut down which resulted in decrease in one production shift.

	2025 Numbers	2024 Numbers
42 NUMBER OF EMPLOYEES		
Total number of employees as at June 30,	289	285
Average during the year	290	286

43 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, for better presentation and classification. Following major reclassification have been made during the year.

Description	Reclassified from	Reclassified to	2025 Rupees	2024 Rupees
Lease Liability	Financial liabilities	Lease liabilities	1,200,000	2,299,129
Transfer of Loan from directors	Current portion of long term loan from directors	Short term loan from directors	60,829,471	61,329,471

44 DATE OF AUTHORISATION FOR ISSUE

These financial statements are authorised for issue by the Board of Directors on 12 6 SEP 2025.

45 GENERAL

Figures have been rounded off to the nearest rupee. *relax*


CHIEF EXECUTIVE


DIRECTOR




CHIEF FINANCIAL OFFICER

THE COMPANIES ACT, 2017
The Companies Regulations-2024
(Section 227(2)(f) and Regulation 30)

PATTERN OF SHAREHOLDINGS

- 1.1 Name of the Company : ELAHI COTTON MILLS LIMITED
 2.1 Pattern of holding of the shares held by shareholders as at : June 30, 2025.

2.2	NO. OF SHARE HOLDERS	SHAREHOLDINGS	TOTAL SHARES HELD
	46	1 to 100	1,942
	27	101 to 500	10,048
	34	501 to 1,000	22,031
	21	1,001 to 5,000	38,511
	3	5,001 to 10,000	18,956
	1	15,001 to 20,000	19,244
	1	70,001 to 75,000	73,500
	1	150,001 to 155,000	152,743
	1	195,001 to 200,000	199,625
	1	200,001 to 205,000	200,200
	1	560,001 to 565,000	563,200
	137	:- TOTAL :-	1,300,000

2.3	<u>CATEGORIES OF SHAREHOLDERS</u>	Shares held	percentage
2.3.1	Directors, Chief Executive Officer and their spouse and minor children	1,058,369	81.4130
2.3.2	Associated Companies, undertakings and related parties	--	--
2.3.3	NIT AND ICP	--	--
2.3.4	Banks, Development Financial institution, Non-Banking Financial Institutions:	--	--
2.3.5	Insurance companies:	--	--
2.3.6	Modarabas and mutual funds:	--	--
2.3.7	Shareholders holding 10% or more	1,115,868	85.8360
2.3.8	General Public		
	a.  Local	88,886	6.8374
	b.  foreign	--	--
2.3.9	Others (to be specified) Joint Stock Company	152,745	11.7496

ELAHI COTTON MILLS LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As at June 30, 2025

S. No.	Name	No. of Shares held	percentage
Associated Companies, Undertakings and Related Parties: (Name wise detail)		--	--
Mutual Funds: (Name wise detail)		--	--
Directors and their spouse and minor children: (Name wise detail)			
1.	Mr. Mahboob Elahi	563,200	43.3231
2.	Mr. Mahfooz Elahi	199,675	15.3596
3.	Mr. Mahmood Elahi	200,250	15.4038
4.	Sheikh Farrukh Ahmed	2,500	0.1923
5.	Mr. Ahmed Shaffi	19,244	1.4803
6.	Mrs. Samina Begum	73,500	5.6538
7.	Mr. Muhammad Azeem Afzal Hashmi	--	--
Executives:		--	--
Public Centre Companies & Corporations:		--	--
Banks, Developments Finance Institutions, Takaful, Modarabas and pension Funds: Non-Banking Financial Institutions, Insurance Companies, Takaful, Modarabas and Pension Funds:		--	--
Shareholders holding five percent or more voting interest in the listed Company: (Name wise detail)			
1.	Mr. Mahboob Elahi	563,200	43.3231
2.	Mr. Mahfooz Elahi	199,675	15.3596
3.	Mr. Mahmood Elahi	200,250	15.4038
4.	Salim Sozer Securities (Pvt) Limited	152,743	11.7495
5.	Mrs. Samina Begum	73,500	5.6538
All trades in the Shares of the listed Company, carried out by its Directors, CEO,CFO, Company Secretary and their spouses and minor children:			
S. No.	Name	Sale	Purchase
	NIL		

ELAHI COTTON MILLS LIMITED

Folio No.	CDC Account No.	
	Participant I. D.	Account No.

PROXY FORM

I/We _____ of _____ being a member/members of
ELAHI COTTON MILLS LIMITED hereby appoint _____ (name)
of _____ (Full address) or failing him/her
_____ (name) of _____

_____ (Full address) another member of
the company as my/our proxy to attend and vote for me/us and on my/our behalf, at the 55th Annual General
Meeting of the company to be held at registered office of the Company at Plot # 270, Sector I-9, Industrial Area,
Islamabad on October 25, 2025 at 10.00 a.m. or at any adjournment thereof.

Signed this _____ day of _____ in the presence of
the following witnesses

Signature on Rupees Fifty
Revenue Stamp
(Signature should agree with the
specimen signature registered with
the company)

Signature
Witness 1

Name _____
CNIC No. _____
Address _____

Signature
Witness 2

Name _____
CNIC No. _____
Address _____

Important

1. A member entitled to attend and vote at this Annual General Meeting of the company may appoint another member as proxy to attend and vote instead of him / her. No person shall act as proxy, who is not a member.
2. The instrument appointing a proxy should be signed by the member (s) or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed to the instrument.
3. This Proxy Form, duly completed, must be deposited at the company's Registered Office, at Plot # 270, Sector I-9, Industrial Area, Islamabad, not less than 48 hours before the time of holding the meeting.
4. The Proxy shall produce his original CNIC or original passport at the time of the Meeting.
5. In case of individual CDC Account holders, attested copy of CNIC or passport (as the case may be) of the beneficial owner will have to be provided with this Proxy.
6. In case of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the nominee shall be submitted along-with this Proxy.

فولہ نمبر	سی ڈی سی اکاؤنٹ نمبر	
	شرکت دار کی شناخت	اکاؤنٹ نمبر
	-	

پراکسی فارم

میں رہم ساکن بحیثیت ممبر الٹی کاٹن ملز لمیٹڈ مسمی / مسماٹ (مکمل پتہ)
یا پراکسی کے غیر حاضر ہونے کی صورت میں مسمی / مسماٹ ساکن (مکمل پتہ) کو بطور مختار (پراکسی) مقرر کرتا کرتی ہوں تاکہ وہ میری
غیر موجودگی میں میری طرف سے کمپنی کے بچکونوں سالانہ اجلاس عام جو کہ مورخہ ۲۵ اکتوبر ۲۰۲۵ء کو دس بجے صبح پراکسی اور ملتوی شدہ تاریخ پر کمپنی کے رجسٹرڈ دفتر واقع ۲۷ سیکٹر آئی ٹاؤن انڈسٹریل ایریا، اسلام آباد پر
منعقد ہوگا، میں شرکت کرے یا وٹ ڈالے۔
دستخط منظور کنندہ بتاریخ روید و مند رجسٹرڈ مل گواہان

دستخط (۵۰ روپے کے ریونیو سٹیپ پر) تاریخ

گواہان:

دستخط	دستخط
۱۔ نام	۱۔ نام
۲۔ شناختی کارڈ نمبر	۲۔ شناختی کارڈ نمبر
۳۔ پتہ	۳۔ پتہ

- نوٹس:
- ۱۔ ووٹر کن جسے اجلاس میں شریک ہونے کا حق حاصل ہے وہ کسی ناگزیر صورت حال میں اپنی جگہ دوسرے ممبر کو یہ حق دے سکتا ہے کہ وہ اس کی جگہ اجلاس میں شرکت کر سکتا ہے اور ووٹ کا اندراج کر سکتا ہے۔ کوئی بھی ایسا شخص پراکسی مقرر نہیں ہو سکتا جو کہ ممبر نہ ہو۔
 - ۲۔ ووٹر کن جو پراکسی مقرر کرے گا اس کے اپنے دستخط یا مجاز انارنی کے دستخط ہونا لازمی ہیں اور کارپوریٹ ادارہ ہونے کی صورت میں کمپنی کی (common seal) مخصوص مہر ثبت ہونی چاہیے۔
 - ۳۔ پراکسی موٹر ہونے کے لیے ہمارے رجسٹرڈ آفس میں اجلاس سے کم از کم ۴۸ گھنٹے قبل موصول ہونا لازمی ہے۔
 - ۴۔ پراکسی اپنے ہمراہ اپنا اصل شناختی کارڈ / پاسپورٹ لے کر آئے تاکہ اس کی شناخت ہو سکے۔
 - ۵۔ انفرادی سی ڈی سی رکن کی صورت میں اصل شناختی کارڈ اور پراکسی کے شناختی کارڈ / پاسپورٹ کی تصدیق شدہ نقل منسلک کرنا ضروری ہے۔
 - ۶۔ کارپوریٹ پراکسی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد، پاور آف انارنی، بعد ماحوز شخص کے نمونہ دستخط منسلک کرنا لازمی ہے۔