gadoon Textile Mills Limited

OEKO TEX® STANDARD 100 11-65635 Shirley

FORM-7

The General Manager Pakistan Stock Exchange Limited Stock Exchange Building Stock Exchange Road Karachi	**The Director / HOD (Enforcement)** Securities & Exchange Commission of Pakistan NIC Building, 63 Jinnah Avenue Blue Area Islamabad	Ref: PSX-04/2025-26 August 4, 2026

FINANCIAL RESULTS FOR THE YEAR ENDED JUNE 30, 2026

Dear Sir,

We have to inform you that the Board of Directors of our company, in their meeting held on August 4, 2026 at 11:45 a.m. at 7-A, Muhammad Ali Society, Karachi recommended the following:

i)	**Cash Dividend**	**Rs.5 per share**
ii)	**Bonus Shares**	**NIL**
iii)	**Right Shares**	**NIL**
iv)	**Any Other Entitlement / Corporate Action**	**NIL**
v)	**Any Other Price-Sensitive Information**	**NIL**

The Financial results of the Company are enclosed.

The Annual General Meeting of the Company will be held on Monday, September 28, 2026 at 10:30 a.m. at 200-201, Gadoon Amazai Industrial Estate, District Swabi, Khyber Pakhtunkhwa.

The Share Transfer Books of the Company will be closed from Monday, September 21, 2026 to Monday, September 28, 2026 (both days inclusive). Transfer received at the Company's Shares Registrar, CDC Share Register Services Limited, CDC House, 99-B, Block-B, S.M.C.H. Society, Main Shahrah-e-Faisal, Karachi at the close of Business on Friday, September 18, 2026 will be treated in time for the purpose of above entitlement to the transferees.

The Annual Report of the Company for the year ended June 30, 2026 will be transmitted through PUCARS separately, within the specified time.

For **GADOON TEXTILE MILLS LIMITED**

Chairman

Head Office:
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GADOON TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	2026	2025
		---------- (Rupees in '000) ----------	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	30,908,796	27,619,937
Biological assets	6	626,187	563,983
Long term loans	7	8,885	1,467
Long term deposits		72,032	72,668
Long term investments	8	6,930,508	6,518,977
		38,546,408	34,777,032
Current Assets			
Stores, spares and loose tools	9	1,988,684	2,100,960
Stock-in-trade	10	22,192,825	26,212,864
Trade debts	11	6,477,435	4,956,001
Loans and advances	12	215,832	306,403
Trade deposits and short term prepayments		50,298	61,948
Other receivables	13	1,904,254	2,620,022
Taxation- net		841,895	-
Cash and bank balances	14	503,750	83,256
		34,174,973	36,341,454
Total Assets		72,721,381	71,118,486
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised			
57,500,000 ordinary shares of Rs.10/- each		575,000	575,000
Issued, subscribed and paid-up capital	15	280,296	280,296
Capital reserves	16	16,637,541	16,637,541
Revenue reserves	16	9,813,968	6,993,069
Total Equity		26,731,805	23,910,906
Non-Current Liabilities			
Long term finance	17	4,442,103	3,638,198
Deferred government grant	18	74,366	107,509
Retirement benefit obligation	19	1,149,841	1,272,354
Infrastructure Cess	20	1,057,533	-
Deferred tax liabilities	21	1,091,113	743,934
		7,814,956	5,761,995
Current Liabilities			
Trade and other payables	22	14,580,005	12,939,736
Unclaimed dividend		31,987	32,273
Levies payable		145,844	383,967
Current portion of long term finance	17	759,924	729,389
Current portion of deferred government grant	18	22,143	27,650
Accrued mark-up		466,547	540,843
Short term borrowings	23	22,168,170	26,688,089
Taxation- net		-	103,638
		38,174,620	41,445,585
Total Liabilities		45,989,576	47,207,580
Total Equity and Liabilities		72,721,381	71,118,486
CONTINGENCIES AND COMMITMENTS	24		

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

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Chairman / Director	Chief Executive Officer	Chief Financial Officer

GADOON TEXTILE MILLS LTD KARACHI

GADOON TEXTILE MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		---------- (Rupees in '000) ----------	
Sales - net	25	**75,995,927**	70,979,986
Cost of sales	26	**(70,042,930)**	(64,653,932)
Gross profit		**5,952,997**	6,326,054
Distribution cost	27	**(1,044,449)**	(887,641)
Administrative expenses	28	**(722,894)**	(585,309)
		(1,767,343)	(1,472,950)
		4,185,654	4,853,104
Finance cost	29	**(2,438,123)**	(2,523,731)
Other expenses	30	**(238,639)**	(432,295)
		1,508,892	1,897,078
Other income	31	**557,614**	484,857
Share of profit from associates	8	**858,197**	1,217,276
Other gains:			
- Remeasurement gain on provision for SIDC	20	**932,048**	-
Profit before final taxes, revenue taxes and income taxes		**3,856,751**	3,599,211
Final taxes	32	**-**	-
Profit before revenue taxes and income tax		**3,856,751**	3,599,211
Revenue taxes	32	**(896,590)**	(194,372)
Profit before income tax		**2,960,161**	3,404,839
Taxation - net	32	**(331,633)**	(1,012,935)
Profit for the year		**2,628,528**	2,391,904
Earning per share - basic and diluted (Rupees)	33	**93.78**	85.33

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

YA

Chairman / Director **Chief Executive Officer** **Chief Financial Officer**

GADOON TEXTILE MILLS LTD KARACHI

GADOON TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		---------- (Rupees in '000) ----------	
Profit for the year		**2,628,528**	2,391,904
Other comprehensive income			
Items that will be reclassified subsequently to the statement of profit or loss			
Share of other comprehensive (loss) / income from associates - net of tax	8	**(3,789)**	1,222
Items that will not be reclassified subsequently to the statement of profit or loss			
- Remeasurement of defined benefit obligation	19.5	**311,365**	31,937
- Income tax relating to defined benefit obligation		**(115,205)**	(12,455)
		196,160	19,482
Other comprehensive income		**192,371**	20,704
Total comprehensive income for the year		**2,820,899**	2,412,608

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

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Chairman / Director	Chief Executive Officer	Chief Financial Officer

GADOON TEXTILE MILLS LTD KARACHI

GADOON TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	Issued, subscribed and paid-up share capital	(Capital Reserves) Share premium	Amalgamation reserve	Reserves against long term investment Capacity Expension & BMR	Sub-total	(Revenue Reserves) General reserve	Amalgamation reserve	Unappropriated profit	Sub-total	Grand total
	(Rupees in '000)									
Balance as at July 1, 2024	280,296	103,125	34,416	16,500,000	16,637,541	1,000,000	727,333	2,853,128	4,580,461	21,498,298
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	-	2,391,904	2,391,904	2,391,904
Other comprehensive income	-	-	-	-	-	-	-	20,704	20,704	20,704
Total comprehensive income for the year	-	-	-	-	-	-	-	2,412,608	2,412,608	2,412,608
Balance as at June 30, 2025	280,296	103,125	34,416	16,500,000	16,637,541	1,000,000	727,333	5,265,736	6,993,069	23,910,906
Total comprehensive income for the year										
Profit for the year					-			2,628,528	2,628,528	2,628,528
Other comprehensive income					-			192,371	192,371	192,371
Total comprehensive income for the year	-	-	-	-	-	-	-	2,820,899	2,820,899	2,820,899
Balance as at June 30, 2026	**280,296**	**103,125**	**34,416**	**16,500,000**	**16,637,541**	**1,000,000**	**727,333**	**8,086,635**	**9,813,968**	**26,731,805**

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

YA

Chairman / Director

Chief Executive Officer

Chief Financial Officer

GADOON TEXTILE MILLS LTD KARACHI

GADOON TEXTILE MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

		Note	2026	2025
			------- (Rupees in '000) -------	
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Cash generated from operations	34	14,498,028	2,037,143
	Finance cost paid		(2,512,419)	(2,605,413)
	Income taxes and levies paid		(2,179,156)	(1,291,863)
	Retirement benefits paid		(331,226)	(326,308)
			(5,022,801)	(4,223,584)
	Net cash generated from / (used in) operating activities		9,475,227	(2,186,441)
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Purchase of property, plant and equipment		(6,016,197)	(5,720,620)
	Short term Investment made		-	(19,000,000)
	Sale proceeds from disposal of short term investment		-	19,196,073
	Sale proceeds from disposal of property, plant and equipment		195,686	149,594
	Sale proceeds from disposal of biological assets		59,407	183,060
	Loans (provided to) / repaid by employees - net		(41,439)	16,188
	Long term advance received		-	4,722
	Long term deposits given		636	(8,082)
	Profit received from bank deposits		29,461	69,626
	Dividend received		442,128	1,057,241
	Net cash used in investing activities		(5,330,318)	(4,052,198)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Long term finance obtained		1,535,391	-
	Repayment of long term finance		(551,249)	(297,920)
	Repayment of term loan		-	(1,800,000)
	Repayment renewable energy financing		(55,123)	-
	Export loan -net		867,490	-
	Repayment of temporary economic refinance facility		(133,229)	(146,883)
	Export refinance - net		268,152	1,385,937
	Import loan - net		870,564	(1,729,220)
	Dividend paid		(286)	(107)
	Net cash generated from / (used in) financing activities		2,801,710	(2,588,193)
	Net increase / (decrease) in cash and cash equivalents (A+B+C)		6,946,619	(8,826,832)
	Cash and cash equivalents at the beginning of the year		(17,992,502)	(9,165,670)
	Cash and cash equivalents at the end of the year		(11,045,883)	(17,992,502)
	CASH AND CASH EQUIVALENTS			
	Cash and bank balances	14	503,750	83,256
	Short term borrowings	23	(11,549,633)	(18,075,758)
			(11,045,883)	(17,992,502)

CHANGES ARISING FROM FINANCING ACTIVITIES

	2025	Financing cash inflows	Financing cash outflows	Non-cash changes	2026
	------------	------------	(Rupees in '000)	------------	------------
Long term finance	4,502,746	1,535,391	(739,601)	-	5,298,536
Unclaimed dividend	32,273	-	(286)	-	31,987

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

Chairman / Director

Chief Executive Officer

Chief Financial Officer

GADOON TEXTILE MILLS LTD. KARACHI

Draft Directors' Report to the Members

Dear Members

The Directors of your Company take pleasure in presenting the financial results for the financial year ended June 30, 2026.

Overview

The principal business activities of your Company include the manufacturing and sale of yarn, knitted bedding products and fabric processing services with manufacturing facilities located in two regions: North and South.

The year under review posed various challenges for the textiles industry, particularly the spinning segment. Despite this, the Company's net sales increased by 7.07% to Rs. 75.99 billion, compared to Rs. 70.98 billion in the same period last year (SPLY), reflecting continued customer confidence. However, increasing conversion costs with limited pricing flexibility continued to weigh on the gross margins. Against this backdrop, the Company posted net profit of Rs.2.62 billion compared with Rs.2.39 billion SPLY.

Economic Overview

The global economy navigated an environment of uneven progress and increased volatility during the fiscal year. Regional conflicts continued to disrupt supply chains and fuel volatility in energy prices, freight, and insurance costs. Elevated interest rates, trade policy uncertainties, and protectionist measures further weighed on global economic activity.

For Pakistan, the Financial Year 2025-26 (FY-26) reflected continued macroeconomic stabilization under the IMF-supported reform program despite a challenging external environment. The Country maintained a stable exchange rate, strengthened foreign exchange reserves, anchored inflation, stable external account position and achieved further improvement in fiscal discipline. However, during the latter part of the financial year, intensifying geopolitical tensions disrupted regional trade and triggered a significant surge in global fuel prices, freight, and insurance costs. These external shocks reverberated through the domestic economy, disrupting the previously stable inflationary trend as energy prices and logistics costs accelerated.

During the year, the country's external balance experienced renewed pressure, as the current account balance posted a deficit of USD 139 million. Trade deficit widened significantly as import bills escalated by 7.89% to USD 69,597 million compared to USD 64,507 million in SPLY. Conversely, the country's exports fell by 5.97% to USD 30,126 million against USD 32,040 million in the SPLY. This deficit was substantially cushioned by workers' remittances, which grew by 8.6% to a record cumulative inflow of USD 41.6 billion during FY-26, compared to USD 38.3 billion in the SPLY, acting as an essential buffer for external sector liquidity.

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Inflationary pressures resurfaced during the year driven by supply-side disruptions, higher energy prices and increased logistics costs. In view of emerging inflationary pressure, the State Bank of Pakistan – having eased the policy rate to 10.5% earlier in the year – raised it by 100 basis points to 11.5% in April 2026, its first increase since June 2023, and maintained it at that level thereafter to preserve macroeconomic stability while supporting sustainable economic growth.

The domestic cotton sector exhibited encouraging signs of recovery. According to the Pakistan Cotton Ginners Association, cotton arrivals reached 527,900 bales as of July 15, 2026, compared with 297,751 bales during the same period last year, representing a significant increase in domestic cotton availability. Although this improvement is expected to provide some relief to the textile value chain, domestic production remains substantially below the industry's annual requirement, necessitating continued reliance on imported cotton.

Financial Results

A comparison of the key financial results of the Company for the year ended June 30, 2026, is as follows:

Profit and loss summary	June 30, 2026	June 30, 2025	Favorable / (Unfavorable)
	Rupees '000		Percentage
Sales (net)	75,995,927	70,979,986	7.07
Gross Profit	5,952,997	6,326,054	(5.90)
Distribution Cost	1,044,449	887,641	(17.67)
Administrative Expenses	722,894	585,309	(23.51)
Other Operating Expenses	238,639	432,295	44.80
Finance Cost	2,438,123	2,523,732	3.39
Other Income	1,415,811	1,702,134	(16.82)
Remeasurement gain on SIDC	932,048	-	0.00
Profit Before Taxation	3,856,751	3,599,211	7.16
Profit After Taxation	2,628,528	2,391,904	9.89
Earnings Per Share (Rs.)	93.78	85.33	

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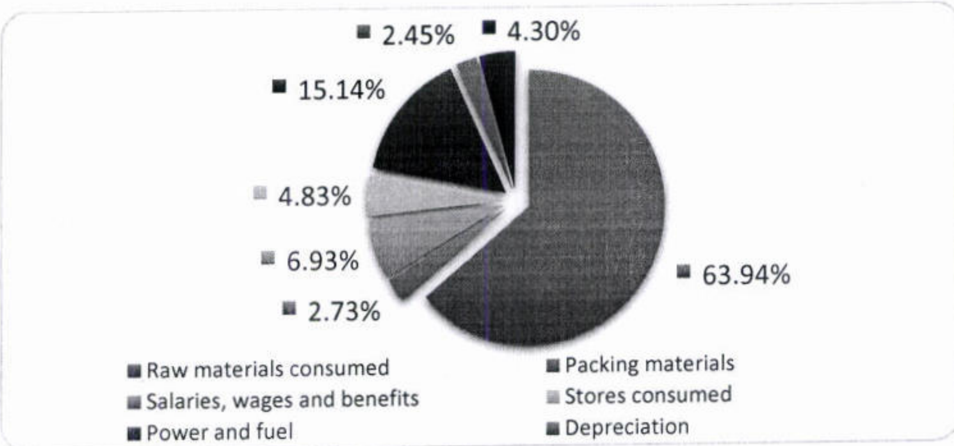
Below is the breakup of manufacturing costs:



The significant component of the cost of goods manufactured consists of raw material, which is 63.94% (2025: 65.86%), while fuel and power rose to 15.14% (2025: 14.30%) on account of higher energy tariffs – a pressure the Company is actively mitigating through operational efficiencies, product-mix optimization and greater use of renewable energy.

- During the period, the overall yarn sales increased by 7.46% compared to the SPLY on account of improved demand toward the latter half of the fiscal year. The sales of knitted bedding products also witnessed steady growth, contributing substantially in achieving overall sales growth. However, improved volumes were partly offset by higher energy costs.

- Gross margins remained under significant pressure from conversion costs, particularly elevated electricity and gas tariffs. However, the Company mitigated their impact through efficient procurement, optimization of the product mix, improved operational efficiencies and better utilization of energy mix, including, grid and renewable energy.

- The rise in Distribution costs is primarily attributed to higher logistics and export-related charges accompanying increased value-added export volumes as well as increase in yarn exports. The increase in administrative expenses was primarily due to continued inflationary impact.

- Finance costs remained broadly stable at Rs. 2,438.12 million compared to Rs. 2,523.73 million SPLY, owing to increased working capital requirements due to higher conversion costs coupled with the capital expenditure incurred mainly in renewable energy and energy efficient machinery.

- During the quarter, the Company settled its outstanding SIDC liability of PKR 2.8 billion with the Government of Sindh, payable 45% by July 2027 and the balance 55% over 48 quarterly installments. The liability has been recognized at present value using a discount rate of 11.88% per annum, resulting in a discounting gain of PKR 932.05 million recognized under "other income".

- Share of profit from associates registered a sharp decline of 29.50%, from Rs. 1,217.27 million SPLY to Rs. 858 million, primarily attributable to a revised tariff structure impacting shareholder returns in the associated company. .

- During the year the Company incurred capital expenditure of approximately Rs. 6,016 million, primarily on the installation of technologically advanced machinery in the spinning, value-added segments and the renewable energy. These investments are aimed at enhancing productivity, energy efficiency and quality and at strengthening the Company's competitiveness in the value-added product range.

Segmental Review of Business Performance

The operations of your Company are primarily divided into two operating segments:

- Spinning segment: manufacturing and sale of yarn
- Manufacturing and sale of knitted bedding products
- Unallocated segments include production and sale of milk and fabric processing services

The segment-wise results of the reportable segment of the Company are as follows:

	Spinning	Knitted Bedding Products	Spinning	Knitted Bedding Products
	2026		2025	
	Rupees in '000			
Revenue	59,099,122	14,209,491	55,033,875	12,309,496
Profit before tax	2,188,391	1,394,217	2,142,837	946,485

Status of Strategic Investments

During the year, no further investment has been made by the Company in Tricom Solar Power (Private) Limited and Yunus Wind Power Limited.

Previously, the Company had obtained approval for investment in Tricom Solar Power (Private) Limited and Yunus Wind Power Limited on April 13, 2018, from the shareholders. Upon the expiry of the initial 12 months from the previous approval, the Company obtained an extension from the shareholders in the EOGM dated March 20, 2019, for four years or till the Project achieves commercial operations, whichever is later.

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Composition of the Board

In line with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "CCG"), the Company ensures the representation of Independent and Non-Executive Directors, as well as gender diversity, on its Board.

Appointment / Resignation of Board member

On September 15, 2025, Ms. Zulekha Tabba Maskatiya had tendered her resignation as a Non-Executive Director of the Company, which was accepted by the Board of Directors. The casual vacancy was filled by the Board of Directors by appointing Ms. Fauzia Hasnain as an Independent Director to hold office of director w.e.f., September 15, 2025.

The total number of Directors as of June 30, 2026, is eight, including the Chief Executive as a deemed Director, as per the following:

Total number of directors:	
a) Male	07
b) Female	01

The composition of the Board is as follows:

Particulars	No.	Name of Directors
a) Independent Directors	03	Syed Muhammad Shabbar Zaidi Mr. Moin M. Fudda Ms. Fauzia Hasnain
b) Executive Director	01	Mr. Muhammad Sohail Tabba
c) Other Non-Executive Directors	04	Mr. Muhammad Ali Tabba Mr. Jawed Yunus Tabba Mr. Muhammad Hassan Tabba Mr. Ibrahim Sohail Tabba

Committees of the Board:

Following are the details of the members of the Board Audit, Human Resource and Sustainability Committees:

Audit Committee

1	Syed Muhammad Shabbar Zaidi	Chairman
2	Mr. Moin M. Fudda	Member
3	Mr. Jawed Yunus Tabba	Member

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4	Mr. Muhammad Hassan Tabba	Member
5	Ms. Fauzia Hasnain	Member

Human Resource & Remuneration Committee

1	Mr. Moin M. Fudda	Chairman
2	Mr. Jawed Yunus Tabba	Member
3	Ms. Fauzia Hasnain	Member
4	Mr. Ibrahim Sohail Tabba	Member

Sustainability Committee

1	Ms. Fauzia Hasnain	Chairperson
2	Mr. Moin M. Fudda	Member
3	Mr. Ibrahim Sohail Tabba	Member

Attendance of Board Meetings and its Committees

Sr. No	Director		Attendance			
			BOD	BAC	HR&R	BSC
1	Mr. Muhammad Ali Tabba	Chairman	6 / 6	4 / 4	N / M	N/M
2	Mr. Muhammad Sohail Tabba	Chief Executive	6 / 6	4 / 4*	1 / 1*	N/M
3	Mr. Jawed Yunus Tabba	Non-Executive Director	6 / 6	4 / 4	1 / 1	N/M
4	Mr. Muhammad Hassan Tabba	Non-Executive Director	4 / 6	N/M	N/M	N/M
5	Mr. Ibrahim Sohail Tabba	Non-Executive Director	5 / 6	3 / 4	N/M	1 / 1
6	Syed Muhammad Shabbar Zaidi	Independent Director	5 / 6	3 / 4	N/M	N/M
7	Mr. Moin M. Fudda	Independent Director	6 / 6	4 / 4	1 / 1	1 / 1
8	Ms. Fauzia Hasnain	Independent Director	5 / 6	N/M	1 / 1	1 / 1

* Mr. Sohail Tabba attended all meetings of the Committees, by way of invitation.

N/M: Not a member

Leave of absence was granted to directors who could not attend the Board and its Committee's meetings.

Remuneration Policy of non-Executive Directors

Through the Articles of the Company, the Board of Directors is authorized to fix the remuneration of the Directors. In this regard, the Board of Directors has developed a comprehensive remuneration policy for Non-Executive and Independent Directors of the Company. As per the policy:

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- The remuneration of the Board of Directors shall be market-based in accordance with their experience and competencies.
- The Company will not pay any remuneration to its Independent Directors by way of salary except as meeting fees for attending the Board and its Committee meetings.
- The remuneration of a Director for attending meetings of the Board of Directors or its Committees shall be determined from time to time and approved by the Board of Directors.
- The Human Resource and Remuneration Committee ("HR&RC") shall determine and recommend the remuneration of a Director for attending meetings of the Board of Directors or its Committees subject to approval by the Board, from time to time. The remuneration of the Independent Directors shall be linked to their actual attendance at Board/Board Committee meetings.
- A Director shall be provided or reimbursed for all traveling, hotel, and other expenses incurred by him for attending meetings of the Board or its Committees or General Meetings of the Company.
- Any Director who performs services which, in the opinion of the Board, are outside the scope of the statutory duties of a director may be paid such extra remuneration.

Detail of Directors' Remuneration

The Company has only one Executive Director, who is also the Chief Executive of the Company. Following are the details of remuneration paid to the Chief Executive during the year:

	Rupees in '000	
	2026	2025
Remuneration	30,000	30,000
Bonus	2,500	2,500
Other benefits	2,500	2,500
	35,000	35,000

No remuneration has been paid to other Non-Executive Directors of the Company except for a meeting fee of Rs. 3.250 million (2025: Rs. 2.125 million).

Principal Risks and Uncertainty

Businesses face numerous risks and uncertainties, which, if not properly addressed, might cause serious loss to the Company. The Board of Directors of the Company has carried out a vigilant and thorough assessment of both internal and external risks that the Company might face.

Following are some of the risks the Company is facing:

Operational & Supply Chain Risks

- Raw Material Volatility & Climate Vulnerability: High dependence on local cotton crops exposes the Company to extreme weather disruptions (e.g., heatwaves, pest pressures). This causes acute domestic shortages and necessitates heavy reliance on expensive imported raw cotton, impacting operating margins.

- Input Price Fluctuations: Fluctuating raw cotton and man-made fiber costs hinder budgetary forecasting, complicate long-term contracting, and compress margins.

- Technological Obsolescence: Rapid global advancements in automation, artificial intelligence, and sophisticated fabric processing risk marginalizing companies relying on older manufacturing assets, thereby compromising regional and global market competitiveness.

- Supply Chain & Global Logistics Disruptions: Freight rate volatility, container shortages, and regional maritime bottlenecks pose severe delays to both raw material procurement and outbound yarn shipments.

- Energy Reliability vs. Grid Defection Risk: In addition to high energy tariffs, grid power inconsistency and failures force the company to run expensive, self-generated backup power plants.

Financial & Credit Risks

- Credit & Counterparty Default Risk: Local customers experiencing financial strain are at a higher risk of delaying payments or defaulting on local yarn sales, which can result in an increase in the Company's accounts receivable ageing.

- Currency Fluctuations & Exchange Rate Exposure: Extreme rupee volatility escalates the landed cost of imported machinery and raw materials while making foreign exchange export earnings highly unpredictable.

- Elevated Borrowing Costs: Persistent high policy rates heavily escalate financing and leverage costs, squeezing net margins and constraining working capital management.

Market & Export Demand Risks

- Global Demand Squeeze & Geopolitical Friction: Ongoing international recessionary pressures and shifting geopolitical dynamics continue to soften international demand for textile products, directly impacting export order books.

- Intensifying Regional Competition: The local spinning sector faces acute price and volume competition from regional textile peers operating under superior economic incentives.

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Fiscal, Regulatory & Compliance Risks

- Escalating Conversion & Utility Costs: Persistent inflation, combined with repeated upward revisions in grid electricity and gas tariffs, has substantially increased conversion costs, eroding the business's cost-competitiveness.
- Fiscal Uncertainty & Liquidity Tie-ups: Amendments to tax frameworks and enduring prolonged sales tax refund cycles, severely lock up vital corporate liquidity.
- Tariff and Trade Policy Risks: Unfavorable changes in regional cross-border duties or the sudden withdrawal of export facilitation can trigger a contraction in international sales volumes.

Change in the Nature of Business

No significant changes have occurred during the FY concerning the nature of the business of the Company.

Pattern of Shareholding

The pattern of shareholding and additional information as of June 30, 2026, is part of the Annual Report of your Company. The associated company owns 69.57%, Banks / Insurance / REITS / Mutual & Pension Funds own 7.46%, Directors own 0.05%, and individuals own 22.91% of the entire shareholding.

Repayments of Debts / Loans

The Company maintains a robust cash flow management framework under which cash inflows and outflows are regularly projected, monitored, and reviewed. This disciplined approach enables the Company to meet its financial obligations in a timely manner while remaining well positioned to address potential liquidity challenges. To support this objective, management continuously endeavors to optimize borrowing costs by maintaining a balanced funding mix and arranging financing on competitive terms.

The Company has a consistent track record of settling its financial obligations on time and, accordingly, has no history of default in the repayment of its borrowings, including during the current year.

Adequacy of Internal Financial Control

The Board of Directors has established an effective system of internal financial controls to support the efficient and orderly conduct of the Company's business. These controls are designed to prevent and detect fraud and errors, safeguard the Company's assets, ensure compliance with applicable laws and regulations, maintain the accuracy and completeness of accounting records, and facilitate the timely preparation of reliable financial information.

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The Company's internal financial controls are reviewed periodically to ensure their continued effectiveness and are updated, where necessary, to reflect changes in applicable laws, regulations, and business requirements.

Sustainability Related Risks

The Company has adopted a proactive approach to managing sustainability-related risks by integrating sustainability into its business strategy. Key sustainability risks include environmental, social and governance (ESG) factors, supply chain disruptions, regulatory and compliance requirements, reputational risks, and technology and resource transition risks.

To address these risks, the Company conducts regular risk assessments, engages with stakeholders, invests in sustainable technologies, and continuously monitors evolving sustainability trends and regulatory developments. Management has also established measurable ESG targets aligned with the Company's long-term strategic objectives of enhancing resilience and creating sustainable value.

The Company continues to invest in environmentally responsible technologies that support responsible consumption and production. While these investments may impact short-term profitability, they are expected to strengthen long-term competitiveness, customer relationships, and business value. Progress against ESG objectives is monitored through quarterly reporting to the Board, ensuring effective oversight and transparency.

Diversity, Equity, and Inclusion (DE&I)

The Company is committed to fostering a diverse, equitable, and inclusive workplace where all employees are valued, respected, and provided with equal opportunities to succeed. Promoting diversity, equity, and inclusion (DE&I) is a key priority and forms an integral part of the Company's sustainable and ethical business practices.

The Company is developing a comprehensive DE&I strategy with measurable objectives aimed at enhancing gender and ethnic diversity and strengthening inclusion across all levels of the organization. To support these objectives, the Company promotes inclusive recruitment practices, including the use of diverse recruitment channels, unbiased hiring processes, and diverse interview panels. In addition, employees receive regular DE&I training covering topics such as unconscious bias, cultural competency, and inclusive leadership to help foster an inclusive workplace culture.

Corporate Social Responsibility (CSR)

The Company remains committed to creating sustainable social value through responsible initiatives that promote healthcare, education, inclusion, environmental stewardship, and community well-being. Guided by the values of compassion and responsible corporate citizenship, our CSR activities continue to make a meaningful and lasting impact on the communities in which we operate.

During the period, the Company visited ChildLife Foundation, where employees spent meaningful time with young patients, promoting empathy and emotional well-being. The Company also strengthened its support for the healthcare sector by donating high-quality hospital sheets to Murshid Hospital & Health Care Centre and organizing a blood donation drive at its Kathore facility in collaboration with Indus Hospital to encourage voluntary blood donation and support patients in need. Continuing its commitment to inclusion, the Company visited KDSP – A Down Syndrome Organization and supported NOWPDP through the donation of textile machinery to promote vocational skill development and employment opportunities for persons with disabilities. The Company also sponsored school uniforms for children at SOS Children's Villages Pakistan, supporting their education and overall well-being. During the holy month of Ramadan, the Company sponsored an Iftar drive at Sirat-ul-Jannah in collaboration with SWAT – Social Welfare and Trust, fostering compassion and community togetherness. In support of environmental sustainability, employees participated in a mangrove plantation drive at the Mangrove Diversity Park, while a plantation campaign involving 400 saplings was conducted at the Amazai facility in collaboration with the Government of Khyber Pakhtunkhwa. Additionally, the Company observed World Diabetes Day through health awareness initiatives, promoting healthy lifestyles and preventive healthcare among employees and the wider community.

Through these initiatives, the Company continues to strengthen its commitment to responsible corporate citizenship by creating positive social, environmental, and community impact.

Training & Development

The Company believes that investing in its people is fundamental to sustainable growth and long-term success. Through a diverse portfolio of learning and development initiatives, employees were equipped with the knowledge, skills, and mindset required to excel in an evolving business environment. Guided by a culture of continuous learning, collaboration, and innovation, the Company's training programs focused on leadership, ethics, communication, financial literacy, health and well-being, and workplace excellence.

During the year, the Company continued to strengthen employee capabilities through **Learning Café**, its flagship learning platform for knowledge sharing and professional development. Sessions covered a wide range of topics, including AI (Power of LLM), Reaction vs. Response, Sustainability (The Only Way Forward), Head Says Yes, Heart Says No, The Art of Empowering Teams, The Impact of Positive Workplace Culture, Mastering Alliance and Negotiation, Face Everything and Rise, Control: Key to Organizational Success, Retirement and Money Management, The Velocity of Execution, The Power Circle – Transform Your Leadership & Life, The Foundation of Integrity, and The Divine Equilibrium: Navigating Professional Excellence Through Shariyah Boundaries. These sessions enhanced employees' capabilities in leadership, communication, ethical decision-making, financial planning, execution excellence, personal effectiveness, and continuous learning.

The Company also delivered several targeted development programs to reinforce organizational values and workplace effectiveness. Code of Conduct Policy sessions at the Karachi Project (Kathore) and Amazai strengthened awareness of ethics, accountability, and compliance, while Building High-Performance Teams, Communication Strategies for Success, and Negotiation & Conflict Resolution Skills enhanced collaboration, communication, and teamwork across the organization. Female employees also participated in WomenEra – Women, Wellness & Wisdom, providing opportunities for learning, networking, and personal growth.

Health & Safety

Employee health, safety, and well-being remained a key priority throughout the year. Fire Safety Induction, Mental Health Awareness, and Ramadan & Health, conducted in collaboration with SOCH, promoted emergency preparedness, preventive healthcare, and overall employee wellness. Additionally, the Company organized a Corporate Self-Defense: Protecting Your Reputation, Performance & Professional Influence session in collaboration with Superwomen Pakistan, equipping employees with practical strategies to strengthen their professional presence, credibility, and workplace confidence.

Through these initiatives, the Company continues to foster a culture of continuous learning by empowering employees with the knowledge, skills, and confidence needed to drive innovation, uphold organizational values, and contribute to sustainable business success.

Director's Training

The directors of the Company are adequately trained to perform their duties and are aware of their powers and responsibilities under the relevant laws, including the Companies Act, 2017, the CCG and the PSX Rulebook.

Auditors

The present External Auditors, M/s. Yousuf Adil, Chartered Accountants, have completed the annual audit for the year ended June 30, 2026, and issued a clean audit report. The auditors will retire on the conclusion of the Annual General Meeting of the Company and, being eligible, have offered themselves for reappointment. As proposed by the Audit Committee, the Board recommends their appointment as auditors of the Company for the year ending on June 30, 2027.

Future Outlook

Pakistan's economic outlook remains encouraging, driven by improving macroeconomic fundamentals, stronger foreign exchange reserves, sustained remittances, and continued reform under the IMF program. S&P Global Ratings' recent upgrade of Pakistan's sovereign rating to 'B' with a Stable Outlook reflects growing confidence in fiscal governance and debt sustainability. Sustained growth, however, will depend on continued fiscal discipline, a broader tax base, stronger export competitiveness, and accelerated structural reform.

The textile and spinning sector is expected to remain under pressure. Despite improved cotton arrivals, structural challenges persist: high energy tariffs, raw material volatility, regional competition, liquidity constraints, and rising export compliance costs. A competitive cost base and consistent policy support remain key to strengthening Pakistan's position in global textile markets.

Despite persistent high energy costs and competition from imported alternatives, the Company remains focused on enhancing operational efficiency through cost optimization, full capacity utilization, and disciplined working capital management. Strategically, it continues to expand into value-added segments, target untapped markets, and refine its sales mix to strengthen profitability and deliver sustainable long-term value to shareholders.

Dividend

Keeping in view of the Company's strategic investment plans, operational requirements and cash flow position, the Board of Directors has recommended a final cash dividend of Rs. 5 per share for the year ended June 30, 2026.

Subsequent Events

There are no material changes and commitments affecting the financial position of the Company between the end of the FY and the date of this report.

Acknowledgments

The Directors place on records their sincere appreciation for the dedication and hard work of the Company's workers, staff and executives, and for the continued support and confidence of its shareholders, customers, suppliers, banks and other stakeholders.

For and on behalf of the Board

Chairman / Director	**Chief Executive Officer**

Karachi: August 4, 2026

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